



CALIFORNIA STRATEGIC
GROWTH COUNCIL



January 29, 2021

Draft AHSC Round 6 Guidelines: Summary of Latest Changes

Summary

At the November 17, 2020 Strategic Growth Council meeting, members of the Council discussed, and heard stakeholder feedback on, the Draft Affordable Housing and Sustainable Communities Program (AHSC) Round 6 Guidelines (the “November 2020 Draft Guidelines”). As a result of that discussion, the Council directed AHSC staff to revise the November 2020 Draft Guidelines to address key issues related to geographic considerations and proposed scoring for Round 6, particularly minimum total score requirements, minimum greenhouse gas (GHG) emissions reduction requirements, and all-electric building design. During the intervening months, AHSC program staff, SGC Key Staff, and State agency partners worked collaboratively to develop the attached revised version of the Draft AHSC Round 6 Guidelines (the “January 2021 Draft Guidelines”).

The January 2021 Guidelines seek to respond to stakeholder feedback, address State priorities, and ensure that AHSC – a California Climate Investments program – continues to reduce greenhouse gas emissions by advancing sustainable development best practices across California’s many communities. AHSC program staff invite public comments on the January 2021 Draft Guidelines by 5:00 p.m. on February 5, 2021. (See “How to Comment,” below, for details.)

Background

The State of California is committed to fighting climate change by reducing GHG emissions to 40 percent below 1990 levels by 2030 and to 80 percent below 1990 levels by 2050. The Affordable Housing and Sustainable Communities Program, funded by State cap-and-trade dollars programmed through California Climate Investments (CCI), helps reduce GHG emissions specifically by increasing the supply of affordable housing near jobs, amenities, and transportation. AHSC is an important funding source for communities seeking to implement sustainable development practices, including those that are part of regional Sustainable Communities Strategies pursuant to SB 375 (Steinberg, 2008), that make it easier for residents to drive less by providing transportation options such as walking, biking, and transit. This focus on climate action is built into the AHSC program guidelines, which are regularly revised to ensure the program continues to serve its climate mission in light of new policies, metrics, and contexts that influence the intersecting issue areas – including, but not limited to, housing, transportation, energy, urban greening, and equity – that fall under the AHSC umbrella.

Guidelines Update Process

The November 2020 Draft Guidelines were informed by input from a robust stakeholder engagement process that included: two public comment periods that drew over 70 comments; three interactive webinars; and meetings with public stakeholders, technical assistance providers, past applicants, and prospective applicants.

The California Strategic Growth Council was originally scheduled to consider the November 2020 Draft Guidelines at the November 17, 2020 public Council meeting. To ensure alignment with key regulatory updates by two other State Agencies - the California Tax Credit Allocation Committee and the California Debt Limit Allocation Committee,¹ the Council opted instead to discuss this version of the guidelines and delay voting on them to better align policy goals with the forthcoming updates. This also enabled additional consideration and solicitation of stakeholder input and public comment.

During the November 17, 2020 Council meeting, members of the public and Council members discussed several proposals contained in the November 2020 Draft Guidelines, including:

- **Geographic Targets:** The November 2020 Draft Guidelines proposed awarding a minimum of one award to each of eight identified geographic areas, as long as they met the minimum total score and minimum GHG emissions reductions requirements. The Council expressed concern that this system might result in prioritizing awards to lower-scoring projects that resulted in lower GHG reductions than higher-scoring projects, and whether committing discretionary funds for geographic targets would impact AHSC's ability to meet statutory investment minimums for projects in disadvantaged communities.

¹ According to the California Department of Housing and Community Development, SGC's implementation partner for AHSC, "we, along with the California Housing Finance Agency (CalHFA), the Business, Consumer Services and Housing (BCSH) agency and the California Department of Finance (DOF) actively engaged during the regulatory processes, working to — where possible — **align policy goals** across the Administration and the Offices of the Treasurer and Controller and also **remove conflicting scoring criteria and definitions.**" [Read HCD's full explanation](#) of how TCAC and CDLAC relate to programs including AHSC and how pausing the processes affects various programs and will help streamline processes for project developers. The California Tax Credit Allocation Committee (TCAC) and California Debt Limit Allocation Committee (CDLAC) released draft regulations in November 2020 while engaging stakeholders for public comment with the goal of adopting regulations before the end of 2020.

Note: The AHSC Round 6 Timeline that appears in this memo reflects changes to the original Round 6 timeline to accommodate the TCAC/CDLAC "pause" described above.

- **Minimum Score Total Score Requirements:** The November 2020 Draft Guidelines proposed a minimum points threshold of 70. Based on Council and public concerns over this threshold, the Council asked AHSC staff to conduct additional analysis.
- **Greenhouse Gas Emissions Reduction Thresholds:** The November 2020 Draft Guidelines proposed threshold values for GHG emissions reduction. This approach differed from an earlier version of the draft guidelines (released for public comment in September 2020). Public stakeholders indicated that the GHG emissions reductions values proposed in the November 2020 Draft Guidelines were too high to be achievable. Council directed staff to conduct further analysis of the GHG emission reduction threshold.
- **Building Electrification:** The November 2020 Draft Guidelines proposed awarding two points for all-electric developments. Some stakeholders asked that AHSC require all-electric developments in Round 6 (and for proposals that were not all all-electric to receive zero points in this category). Council directed AHSC staff to conduct additional analysis.

Based on this discussion, and the Council's direction, AHSC staff worked to revise the November 2020 Draft Guidelines to better align with AHSC's mission and the most current relevant policies.

Key Outcomes and Next Steps

The attached proposed January 2021 Draft Guidelines are the result of a collaborative stakeholder, and interagency process, and respond to the requests of the Council. On the four topics outlined above, the January 2021 Draft Guidelines propose the following:

- **Geographic Targets:** The January 2021 Draft Guidelines recommend prioritizing the use of AHSC's discretionary funds to ensure geographic distribution, after the program meets statutory requirements. To support this, discretionary funds have been returned to 20% of funds, after having been reduced to 10% in Round 5.
- **Minimum Score Requirements:** The January 2021 Draft Guidelines propose no new minimum scoring requirements.
- **GHG Emissions Reduction Thresholds:** The January 2021 Draft Guidelines proposes no new GHG emissions reduction thresholds.
- **Building Electrification:** The January 2021 Draft Guidelines propose increasing by five (for a total of seven) the number of points awarded for all-electric buildings and include partial points for near-electric projects.

A full summary of the proposed changes, including more detail about the four key points above, appears in the following section.

As in previous rounds, the Council remains committed to updating the AHSC program to advance the State's climate goals and support sustainable, resilient community development in all regions of the State. The topics considered in the Round 6 Guidelines regarding geographic distribution of awards require additional analysis and consideration to refine in future rounds. The January 2021 Draft Guidelines contain important updates that will support broader distribution of awards, including calculation of separate transit GHG score and non-transit GHG score, limiting the use of local transit match funding to increase GHG reduction scores, and a commitment to use available discretionary funds to address geographic distribution. Council staff and interagency partners will continue working together, and with stakeholders to better understand and account for differences between geographic areas that can affect application competitiveness. This will include identifying opportunities to integrate regionally specific data or criteria into project evaluation. Findings and recommendations from this work will be incorporated into future rounds of the AHSC Guidelines.

Summary of Changes

The following summary reflects updates proposed in the Round 6 AHSC January 2021 Draft Guidelines (the list includes only those changes made to the November 2020 Draft Guidelines as reflected in the January 2021 Draft Guidelines²). Changes are listed in the order they appear in the Draft Guidelines.

- **Section 103(a)(1)(E) – Developments Intending to Utilize Multiple Low-Income Housing Tax Credits** – This change clarifies that an AHSC application may only utilize one low-income housing tax credit, which has been explicitly prohibited since Round 5 of AHSC. Clarification was needed to describe that applications seeking to utilize multiple low-income housing tax credits will be identified in the review process and their subsequent eligibility and scoring determinations may be impacted. Projects that attempt to utilize multiple low-income housing tax credits after the award of funds risk cancellation of their award. For AHSC's purposes, an affordable housing development utilizing multiple low-income housing tax credits constitutes more than one affordable housing development with independent financing structures. As AHSC awards require all affordable housing developments to be bound to a single contract, independent financing structures for multiple affordable housing developments is not possible with AHSC funds.
- **Section 103(a)(3)(A)(v) – Transit Operations Eligible Costs** – Transit operations expenditures that directly expand service are eligible for up to five years, expanding upon the previous two year maximum. This change was made in recognition of increased funding shortfalls faced by transit providers

² For comparison, view the [11/20 Draft Guidelines](#) and the [AHSC staff report from November 17, 2020](#) that describes the proposed changes to the guidelines from AHSC Round 5 to Round 6.

and the need for operations funding to support expanded capital improvements.

- **Section 106(a)(12) – Developer Experience** – Applicant entities may depend on their principal’s experience in lieu of the organization’s experience by submitting evidence of the principal’s experience as set forth in the application. This change recognizes movement of individuals among development companies and that companies without a long development history may still satisfy program requirements to display requisite experience. This change also expands opportunity for black, indigenous, and people of color development organizations as well as community development corporations to access AHSC funding.
- **Section 107(a)(1)(A) – Transit Vehicle Leverage** – Transit vehicle purchases in support of transit expansion projects must be entirely funded by AHSC in order to have associated GHG reductions quantified. An exception is made for one vehicle of each mode type for which AHSC funds must cover only the majority, not entire, cost of the vehicle cost. This is a clarification to a change made in the November 2020 Draft Guidelines where the amount of AHSC funding contribution required for GHG quantification was not specified. Some transit providers have access to large local funding sources available to purchase vehicles in large quantities and justify those purchases as related to the AHSC project, increasing their GHG score. Historically, this has only been an issue with transit vehicle purchases and not capital improvements. Limiting the ability of leveraged funds to contribute to GHG scoring will focus this scoring category on projects that need AHSC funding to occur. The combination of changes made in the November 2020 and January 2021 Draft Guidelines is expected to increase access to AHSC funding for smaller transit providers, potentially addressing some issues related to geographic distribution of awards.
- **Section 107(c) – Green Building Scoring** – These changes reflect the State’s increased commitment to decarbonizing the residential building sector through actions that will have the largest, long-term GHG reduction impact and go the furthest beyond State minimum requirements.
 - **Energy Grid Use Reductions** – All points for this category are eliminated. State building code now requires on-site solar panels and additional AHSC incentives for on-site renewable energy generation would be marginal.
 - **Electrification** – Up to seven points will be available for all-electric housing developments with three points available for incremental action. Electrification of new building stock is needed rapidly for California to meet its climate goals. All-electric developments will draw their energy from a grid that is increasingly sourced from renewable energy and have a lower energy load than comparative fossil-fueled developments.

Therefore, an incentive for net zero energy development would provide marginal benefit over projects that are designed to be all electric and those points are proposed to be reallocated to all-electric building incentive, as follows:

- Three points will be awarded to projects that utilize all-electric appliances for at least *two* of the following *three* categories: water heating, space heating, cook stoves. The project also must be all-electric ready (wired so there are 240-volt outlets near any gas appliances)
 - Seven points will be awarded to all-electric projects, with no connections to natural gas infrastructure.
- **Section 108(d) – Awards Process** – The January 2021 Draft Guidelines clarify the awards process and use of discretionary funds, which are the 20% of funds remaining after Project Area Type targets are met. These changes result in the following process for awarding funds:
 1. *Project Area Targets*: The Council will make awards to the top scoring projects in each project area type category as follows:
 - i. 35% of funds to TOD projects,
 - ii. 35% of funds to ICP projects,
 - iii. 10% of funds to RIPA projects
 2. *Discretionary Funds*: The remaining 20% of funds (A.K.A. “discretionary funds”) will be allocated by the Council in the following manner, listed in order of consideration:
 - i. Ensure that AHSC meets its statutory investment minimum of at least 50% of funds allocated to projects located within disadvantaged communities.
 - ii. Once the disadvantaged community investment minimum is met, the Council will use discretionary funds to ensure a distribution of total AHSC funds that allow each of the eight geographic areas (see *Table 1*) to receive funds, as long as there are competitive applications from those areas.
 3. *Special Considerations*: To the extent that discretionary funds are not enough to fulfill the disadvantaged community investment minimum or ensure a minimum geographic access to AHSC funds, the Council may use funds originally intended to meet project area targets (see 1, above) to fulfill these goals.

This change provides a commitment from the Council to utilize discretionary funds, to the extent available, to ensure a level of minimum access to AHSC funds to geographic areas around the state, provided a geographic areas submits at least one competitive application. The Council and program staff are

committed to holistically assessing AHSC project classification and evaluation methods to advance access to funds in every geographic area.

Table 1: AHSC defined geographic areas

Geographic Area	Counties
Sacramento Area	Sacramento, Yolo, Sutter, Yuba, Placer, El Dorado
San Diego Area	San Diego
San Francisco Bay Area	Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma
San Joaquin Valley	Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare
Coastal Southern California	Los Angeles, Orange
Inland Southern California	Riverside, San Bernardino, Imperial
Central Coast	Ventura, Santa Barbara, San Luis Obispo, Monterey, San Benito, Santa Cruz
North State & Sierra	Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, Shasta, Sierra, Siskiyou, Tehama, Trinity, Tuolumne

- Section 108(d) – Minimum Score Requirements** – Minimum score requirements of 70 total points and specified GHG reduction amounts are removed from the AHSC guidelines. Reflecting discussion at the November SGC meeting and subsequent meetings with stakeholders, SGC recognizes that without further data on the scoring changes proposed in these guidelines, minimum total score and GHG reduction requirements have the potential to limit access to funds from projects all across the state and potentially deter potentially high-quality applications. Projects will instead be evaluated through existing eligibility and scoring criteria to determine their competitiveness.
- Appendix A(e) – Affordable Unit** – This change specifies that AHSC affordable units must have an affordability covenant recorded in the first-lien position or prior to any debt recorded against the property wherein the Affordable Unit(s) is located for the full term of the covenant. This change reduces the likelihood of affordability requirements disappearing if the AHSC development encounters financial distress.
- Appendix A(m) – Context Sensitive Bikeways** – Expanding upon the new definition for context sensitive bikeways, this change clarifies what “rural main streets” means in the context of AHSC scoring, providing clarity for Rural Innovation Project Areas (RIPAs) while maintaining a high standard for quality of improvements.

Table 2: History of Draft Round 6 Guidelines changes on key topics

AHSC Guidelines Category	Round 4 Guidelines	Round 5 Guidelines	9/20 Round 6 Draft	11/20 Round 6 Draft	1/21 Round 6 Draft
Developments Intending to Utilize Multiple Low-Income Housing Tax Credits	Prohibited	Prohibited	Prohibited	Prohibited	Prohibited, with clarification of process when an such a project applies
Transit Operations Eligible Costs	Not eligible	Up to 2 years	Up to 2 years	Up to 2 years	Up to 5 years
Energy Grid Use Reduction Scoring	Up to 5 points	Up to 5 points	Up to 5 points	Up to 5 points	No points available
All-Electric Building Scoring	No points available	No points available	Up to 2 points	Up to 2 points	Up to 7 points
Discretionary Funds Available	20% of total funding	10% of total funding	10% of total funding	20% of total funding	20% of total funding
ICP Funds Available	35% of total funding	45% of total funding	45% of total funding	35% of total funding	35% of total funding
TOD Funds Available	35% of total funding	35% of total funding	35% of total funding	35% of total funding	35% of total funding
RIPA Funds Available	10% of total funding	10% of total funding	10% of total funding	10% of total funding	10% of total funding
Geographic Targeting of Awards	None	None	One award minimum to each geographic area	One award minimum to each geographic area	Commitment to geographic distribution using discretionary funds, after meeting statutory requirements
Minimum Total Score Requirements	None	None	70 points	70 points	None
Minimum GHG Requirements	Project displays GHG reductions	Project displays GHG reductions	10 points	-TOD Projects: 19,850 MTCO _{2e} -ICP Projects: 15,186 MTCO _{2e} -RIPA Projects: 7,203 MTCO _{2e}	Project displays GHG reductions

How to Comment

The comment period for this draft is open from January 29, 2021 until February 5, 2021 at 5:00 P.M. Comments on the Draft AHSC Round 6 Guidelines (draft guidelines) should be submitted via email to AHSC Program staff at AHSC@sgc.ca.gov.

To receive a version of the draft guidelines with changes tracked, send an email request to AHSC@sgc.ca.gov.

The best way to stay up-to-date on the AHSC Program is by registering for the [AHSC and SGC email lists](#).

Round 6 Timeline

The schedule for the remainder of AHSC's sixth funding round is as follows:

Table 3: AHSC Round 6 Schedule

AHSC Round 6 – Tentative 2021 Schedule	
Release of Draft Round 6 AHSC Guidelines	January 29
7-Day Public Comment Period	January 29 – February 5 at 5:00 P.M.
Final Draft Round 6 Guidelines Posted	February 12
Final Guidelines Adoption	February 24
NOFA Release*	February 26
Application Due Date	June 2021
Round 6 Awards Adopted by Council	October 28

*The AHSC application workbook will be released approximately 10 days after the NOFA.

AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM

ROUND 6 **DRAFT**
FY 2019-2020 PROGRAM GUIDELINES



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GROWTH COUNCIL



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Note: Defined terms are bolded throughout the document. Refer to Appendix A for complete definitions.

Article I. AHSC General Overview

Section 100. Purpose and Scope

- (a) The purpose of these Program Guidelines is to implement Division 44, Part 1 of the Public Resources Code (PRC) (commencing with Section 75200), which establishes the Affordable Housing and Sustainable Communities (AHSC) Program, hereinafter referred to as the **AHSC Program**.
- (b) The purpose of the **AHSC Program** is to reduce greenhouse gas (GHG) emissions through projects that implement land-use, housing, transportation, and agricultural land preservation practices to support infill and compact development, and that support related and coordinated public policy objectives, including the following:
 - (1) reducing air pollution;
 - (2) improving conditions in disadvantaged communities;
 - (3) supporting or improving public health and other co-benefits as defined in Section 39712 of the Health and Safety Code;
 - (4) improving connectivity and accessibility to jobs, housing, and services;
 - (5) increasing options for mobility, including the implementation of the Active Transportation Program established pursuant to Section 2380 of the Streets and Highway Code;
 - (6) increasing transit ridership;
 - (7) preserving and developing affordable housing for lower income households, as defined in Section 50079.5 of the Health and Safety Code; and
 - (8) protecting agricultural lands to support infill development.

Section 101. AHSC Program Overview

The **AHSC Program** furthers the purposes of **AB 32** (Chapter 488, Statutes of 2006), **SB 375** (Chapter 728, Statutes of 2008), and **SB 32** (Chapter 249, Statutes of 2016) by investing in projects that reduce GHG emissions by supporting more compact, infill development patterns, encouraging active transportation and transit usage, and protecting agricultural land from sprawl development. The Greenhouse Gas Reduction Fund (GGRF), an account established to receive proceeds from Cap-and-Trade auctions, provides funding for the **AHSC Program**. The Cap-and-Trade Program, a key strategy for achieving the GHG emission reduction goals of AB 32, issues a limited number of GHG emissions permits (called allowances) each year. A portion of these allowances can be purchased from the State at quarterly auctions, thereby generating auction proceeds. These State auction proceeds are then deposited in the GGRF, where they become available for appropriation by the Legislature to further the purposes of AB 32.

The **AHSC Program** is administered by the **California Strategic Growth Council (Council or SGC)**. The **Department of Housing and Community Development (Department)** will implement the transportation, housing and infrastructure components of the **AHSC Program**. The **Council** staff will coordinate efforts with **Department** staff, working with the **California Air Resources Board (CARB)** and the **Council** to administer the broader **AHSC Program**, including developing program guidelines, evaluating applications, preparing agreements, monitoring agreement implementation, and program reporting.

- The **Council** will coordinate with **CARB** to develop and incorporate consistent guidance in the following areas, which will apply to all GGRF programs, including the **AHSC Program**:
 - Expenditure records to ensure investments further the goals of AB 32.
 - SB 535 (Chapter 830, Statutes 2012) and AB 1550 requirements to maximize benefits to **Disadvantaged Communities, Low-Income Communities, and Low-Income Households**.
 - Consistent methodologies for quantifying GHG reductions and other economic, environmental and public health co-benefits.
 - Project tracking and reporting.

The **AHSC Program** provides grants and/or loans to projects that achieve GHG emission reductions and benefit **Disadvantaged Communities, Low-Income Communities, and Low-Income Households** through increasing accessibility of affordable housing, employment centers and **Key Destinations** via low-carbon transportation resulting in fewer vehicle miles traveled (VMT) through shortened or reduced vehicle trip length or mode shift to transit, bicycling or walking. Three **Project Area** types have been identified to implement this strategy: 1) Transit Oriented Development (TOD) Project Areas, 2) Integrated Connectivity Project (ICP) Project Areas, or 3) Rural Innovation Project Areas (RIPA).

AHSC award funds will be allocated through a competitive process, based on the merits of applications submitted and the proposed use of funds within the identified **Project Area**. The threshold requirements and application selection criteria focus on the extent to which

developments realize the **AHSC Program's** objectives of reducing GHG emissions, benefiting **Disadvantaged Communities, Low-Income Communities, and Low-Income Households**, providing affordable housing, demonstrating project readiness, and meeting other policy considerations.

Disadvantaged Community Benefits

In June 2018, using the updated results from CalEnviroScreen 3.0, the California Environmental Protection Agency (CalEPA) identified **Disadvantaged Communities** to include census tracts that fall within the top 25 percent of CalEnviroScreen 3.0, plus an additional 22 census tracts that score in the highest 5 percent of CalEnviroScreen's Pollution Burden but do not have an overall CalEnviroScreen score because of unreliable socioeconomic or health data. AB 1550 has also created investment requirements for **Low-Income Communities** and **Low-Income Households**. In July 2018, CARB approved the *Funding Guidelines for Agencies Administering California Climate Investments* that will provide criteria to evaluate whether a project provides a benefit to a **Disadvantaged Community, Low-Income Community, or Low-Income Household**. These guidelines can be found [here](#)..

A **Project** that is located in and provides benefits to a **Disadvantaged Community, Low-Income Community, or Low-Income Households** may receive priority for funding in order to meet the AHSC Program **Disadvantaged Community** and **Low-Income Community** funding requirements. **Projects' Disadvantaged Community and Low-Income Community** status are based upon the location of their AHSC funded **Affordable Housing Development**.

Article II. Program Requirements and Procedures

Figure 1: AHSC Program Summary

Project Area Types	Transit Oriented Development (TOD) Project Area	Integrated Connectivity Project (ICP) Project Area	Rural Innovation Project Area (RIPA)
Transit Requirements (All Project Areas) §102	<ul style="list-style-type: none"> ▪ MUST include Qualifying Transit ▪ Qualifying Transit includes various forms of Rail Service, Bus Service and Flexible Transit Service. ▪ All Project Areas MUST also include a Transit Station/Stop, served by at least one Qualifying Transit line departing two or more times during Peak Hours (unless it is Flexible Transit Service). This level of service must have been publicly posted by the provider at some point between January 2020 and the time of application. <p><i>Note: ICP/RIPA projects that propose addition of High Quality Transit will remain eligible as an ICP/RIPA.</i></p>		
Project Area Specific Transit Requirements §102	<ul style="list-style-type: none"> ▪ MUST be served by High Quality Transit ▪ Headway frequency of 15 minutes or less during Peak Hours ▪ Must operate on a railway or be a Bus Rapid Transit (BRT) service that either fully or partially operates on a dedicated bus-only lane 	<ul style="list-style-type: none"> ▪ CANNOT be served by High Quality Transit 	<ul style="list-style-type: none"> ▪ CANNOT be served by High Quality Transit ▪ MUST be located within a Rural Area
Required AHSC Funded Components §102 & §103	<ul style="list-style-type: none"> ▪ At least fifty (50) percent of AHSC Program funds MUST be used for Affordable Housing (which <u>includes</u> Affordable Housing Developments or Housing Related Infrastructure) AND ▪ At least one other type of Eligible Capital Project or Program Cost 	<ul style="list-style-type: none"> ▪ At least fifty (50) percent of AHSC Program funds MUST be used for Affordable Housing (which includes Affordable Housing Developments or Housing Related Infrastructure) ▪ AHSC Program funds MUST be used for Sustainable Transportation Infrastructure AND Affordable Housing (which includes Affordable Housing Developments or Housing Related Infrastructure) 	
Eligible Capital Projects or Program Costs §103	<ul style="list-style-type: none"> ▪ Affordable Housing Developments (AHD) ▪ Housing Related Infrastructure (HRI) ▪ Sustainable Transportation Infrastructure (STI) ▪ Transportation-Related Amenities (TRA) ▪ Programs (PGM) 		
Affordable Housing Development Requirements §103	<p>Affordable Housing Developments may be:</p> <ul style="list-style-type: none"> ▪ New construction ▪ Acquisition and Substantial Rehabilitation including preservation of affordable housing at-risk ▪ Conversion of one or more nonresidential structures to residential dwelling units 		
Funds Available §108	Target 35 percent of available funds to TOD Project Areas	Target 45 percent of available funds to ICP Project Areas	Target 10 percent of available funds to RIPAs
	Target a project from a Federally Recognized Native American Tribe, an eligible entity having co-ownership with a Federally Recognized Native American Tribe, or an eligible entity established by a Federally Recognized Native American Tribe to undertake Tribal housing projects		
Project Awards §104	All Project Area Types are subject to the following minimum and maximum award amounts: Maximum: \$30 Million Minimum: \$1 Million		
Statutory Funding Set-asides §108	<ul style="list-style-type: none"> ▪ 50 percent of the AHSC Program expenditures shall be for Affordable Housing (Health & Safety Code § 39719(a)(1)(C)) ▪ 50 percent of AHSC Program expenditures shall be for projects located within and providing benefits to Disadvantaged Communities (Public Resources Code § 75214) <p><i>Note: A single project can address both set-asides above and set-asides are not mutually exclusive.</i></p>		

Section 102. Eligible Projects

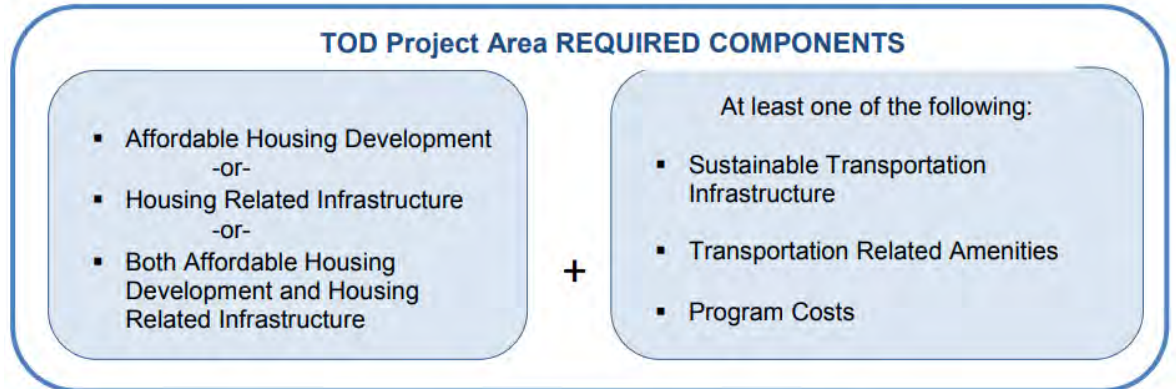
The **AHSC Program** is designed to implement GHG emissions reductions through a reduction of vehicle miles travelled (VMT), or fewer and shorter auto-trips. The **AHSC Program** will fund integrated land use and transportation projects supporting low-carbon transportation options. Promoting mode shift to low-carbon transportation will require strategies that link residential areas, major employment centers and other **Key Destinations** to accessible, reliable, affordable, safe and comfortable transit and active transportation options.

- (a) All applicants are required to define a **Project Area**. The **Project Area** is the area which encompasses transit, housing and destinations and is the area in which **AHSC Program** funds will be invested. Each **Project Area** must:
 - (1) Be a contiguous area included within a distinct planning area in a local or regional planning document(s) or transit service area
 - (2) Include at least one **Transit Station/Stop** consistent with the requirements set forth in (c) or (d) below; and
 - (3) Be of a defined size consistent with one of the following:
 - (A) For **Project Areas** with fixed transit routes, the defined **Project Area** may not exceed a one (1) mile radius from the identified **Transit Station/Stop**.
 - (B) For Project Areas with **Flexible Transit Service** routes, the defined **Project Area** must be defined based on the identified service area of the transit line.
 - (C) For Project Areas which include a **Transit Corridor** or bicycle network or both, the defined **Project Area** must be identified in a plan, i.e. general plan, bicycle master plan or transit corridor implementation plan.
- (b) The **AHSC Program** includes three eligible **Project Area** types as defined below:
 - (1) Transit Oriented Development (TOD) **Project Areas**,
 - (2) Integrated Connectivity Project (ICP) **Project Areas**, and
 - (3) Rural Innovation **Project Areas** (RIPA).

All projects regardless of **Project Area** type must demonstrate VMT reduction through fewer or shorter vehicle trips or incentivize mode shift to transit use, bicycling or walking within transit areas, with an emphasis on integration of or development of affordable housing, and with an emphasis on providing **Disadvantaged Community** or **Low-Income Community** benefits. There are several differentiating requirements between each **Project Area** type, as described below.

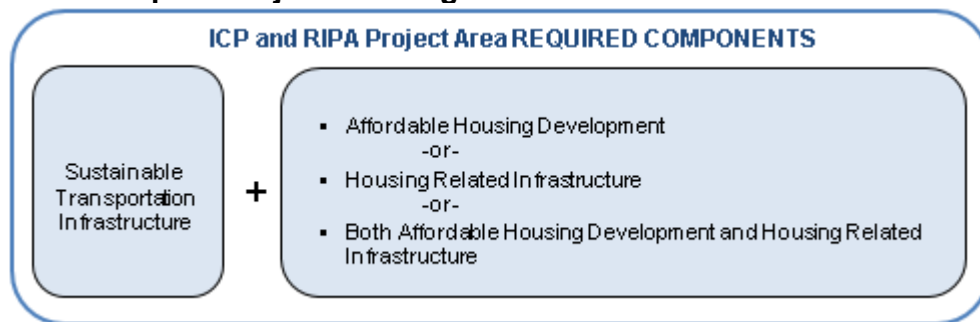
- (c) **TOD Project Areas** must demonstrate all of the following:

- (1) Include at least one (1) **Transit Station/Stop** served by **High Quality Transit** at the time of application submittal;
- (2) Include an **Affordable Housing Development** located no farther than one-half mile from a **Transit Station/Stop** served by **High Quality Transit**. While the TOD Project Area must include an **Affordable Housing Development**, it may be funded from sources other than the AHSC Program but must meet the requirements of Section 103 (a)(1)(A) through (C); and
- (3) Include **Capital Projects** or **Program Costs** as follows:



(d) **ICP Project Areas** must meet all of the following:

- (1) Include at least one (1) **Transit Station/Stop**
- (2) Include an **Affordable Housing Development** served by at least one (1) mode of **Qualifying Transit** that does not meet the requirements of **High Quality Transit** at the time of application submittal; and
- (3) Include **Capital Projects** or **Program Costs** as follows:



Affordable Housing Developments must be located within one-half mile of a **Transit Station/Stop** by the time a certificate of occupancy is provided.

(e) **RIPAs** must meet all the requirements detailed in Section 102(d) above for an **ICP Project Area** and must be located within a **Rural Area**.

Section 103. Eligible Costs

The **AHSC Program** funds **Capital Projects** and eligible **Program Costs** within TOD, ICP and RIPA **Project Areas** consistent with requirements of Section 102(c), (d) and (e) as follows:

Figure 2	
Eligible Capital Projects and Program Costs	
Eligible Capital Projects	
<ul style="list-style-type: none"> ▪ Affordable Housing Development (AHD) ▪ Housing-Related Infrastructure (HRI) ▪ Sustainable Transportation Infrastructure (STI) ▪ Transportation-Related Amenities (TRA) 	
Eligible Program Costs (PGM)	
<ul style="list-style-type: none"> ▪ Active Transportation Programs ▪ Transit Ridership Programs ▪ Criteria Air Pollutant Programs ▪ Workforce Development Programs ▪ Car Share Programs 	

Note: Each Capital Project or Program Cost must be unique to a single application and cannot be split over multiple applications.

Examples of **Eligible Costs** within each category of eligible **Capital Projects** and **Program Costs** are identified in Figure 3 below:

Figure 3: Eligible Cost Examples	AHD/ HRI	STI	TRA	PGM
Construction or Substantial Rehabilitation of affordable housing	X			
Installation of internet broadband trunk line or fixed wireless infrastructure	X			
Installation of new or improved walkways that improve mobility and access of pedestrians		X		
Installation of new or improved bikeways that improve mobility and access of cyclists		X		
Installation of new or improved pedestrian crossings or over-crossings		X		
Non-capacity increasing streetscape improvements, including, but not limited to the installation of lighting, signage, or other related amenities for pedestrians, cyclists and transit riders			X	
Street crossing enhancements including installation of accessible pedestrian signals		X		
Traffic calming projects including development of curb extensions, roundabouts, median islands, "road diets," lane narrowing projects		X		
Signage and way-finding markers			X	

Installation of traffic control devices to improve safety of pedestrians and bicyclists		X		
Figure 3 (continued): Eligible Cost Examples	AHD/HRI	STI	TRA	PGM
Street furniture (e.g. benches, shade structures, etc.)			X	
Bicycle repair kiosks			X	
Publicly accessible bicycle parking			X	
Bike sharing infrastructure and fleet		X		
Bicycle carrying structures on public transit			X	
Development of a dedicated bus lanes as part of a BRT project		X		
Development and/or improvement of transit facilities or stations		X	X	
Transit related equipment to increase service or reliability		X		
Transit Signal Priority technology systems		X		
Real-time arrival/departure information systems			X	
Installation of at-grade boarding infrastructure		X		
Development or improvement of shelters or waiting areas at transit station/stops			X	
Transit ticket machine purchase or improvements			X	
Transit passenger amenities - e.g. Wi-Fi access			X	
Transit Vehicle Procurement for service expansion, including expansion beyond service levels offered during the COVID-19 pandemic		X		
Transit Operations for service expansion, including expansion beyond service levels offered during the COVID-19 pandemic		X		
Station area signage			X	
Energy Efficiency and Renewable Energy	X	X	X	
Open Network or transit vehicle only ZEV Charging Infrastructure	X	X	X	
Water Efficiency	X	X	X	
Urban Greening	X	X	X	
Pedestrian and bicycle safety education programs				X
Development and publishing of community walking and biking maps, including school route/travel plans				X
Development and implementation of "walking school bus" or "bike train" programs				X
School crossing guard training programs				X
Bicycle clinics				X
Public outreach efforts to increase awareness and understand the needs of active transportation users				X
Bike sharing program operations				X
Ride and/or car share programs				X
Transit subsidy programs				X
Education and marketing of transit subsidy programs				X
Transportation Demand Management (TDM) programs				X

Air pollution exposure reduction program				X
Workforce development partnerships				X
Tenant legal counseling services				X

(a) **Capital Projects**

(1) **Affordable Housing Development Capital Projects**

(A) **Affordable Housing Development Capital Projects** must:

(i) Consist of one or more of the following:

- a. New Construction
- b. Acquisition and **Substantial Rehabilitation** (including preservation of affordable housing at-risk of conversion to market rate). The acquisition must be made through a bona fide sale or transfer from the existing ownership entity to the new ownership entity comprised of a completely disparate ownership structure, which contains no common entity interest at any level of the organizational structure.
- c. Conversion of one or more nonresidential structures to residential dwelling units;

*Note: Re-syndication of an **Affordable Housing Development** is not an eligible **Capital Project**.*

- (ii) Be located within one-half (½) mile from a **Transit Station/Stop** that meets the **Project Area** transit requirements as defined in Section 102(c) or (d). The one-half (½) mile is to be measured from the nearest boarding point of the **Transit Station/Stop** to the entrance of the residential structure in the **Affordable Housing Development** furthest from the **Transit Station/Stop** along a walkable route. The walkable route, after completion of the proposed **Project**, shall be free of negative environmental conditions that deter pedestrian circulation such as barriers, stretches without sidewalks or walking paths, noisy vehicular tunnels, streets, arterials or highways without regulated crossings that facilitate pedestrian movement, minimize stretches without shade or cover, or stretches without lighted streets;
- (iii) Rental **Affordable Housing Developments** must include at least 20 percent of the total residential units as **Affordable Units** with an overall **Project** average affordability of all **Restricted Units** within the **Project** no greater than 50 percent represented by **Area Median Income (AMI)**. Average affordability means the total number of **Restricted Units** multiplied by each restricted affordability level divided by the total **Restricted Units**. For example, for a 30-unit **Project** with 10 units restricted to 40 percent and 10 units restricted

to 60 percent AMI the calculation of the average affordability would be as follows:

10 units @ 40% AMI → 10 x 40 = 400
 10 units @ 60% AMI → 10 x 60 = 600
 400 + 600 = 1000
 1000/ 20 total **Restricted Units** = average affordability of 50%

Homeownership **Affordable Housing Developments** must include at least 20 percent of the total residential units as Affordable Units with an overall **Project** average affordability of all **Restricted Units** within the **Project** no greater than 80 percent represented by **Area Median Income (AMI)**.

and;

- (iv) Have a minimum **Net Density**, upon completion of the **Affordable Housing Development**, not less than that shown on the following table:

Figure 4: Minimum Net Density Requirements		
Project Area Type	Residential only Projects	Mixed-Use Projects (Floor Area Ratio)
TOD	30 units per acre	>2.0
ICP	20 units per acre	>1.5
RIPA	15 units per acre	>0.75

- a. Mixed-use **Affordable Housing Developments** may demonstrate consistency with the **Net Density** requirements through either the unit per acre or **Floor Area Ratio** requirements detailed in Figure 4.
- b. Acquisition and **Substantial Rehabilitation** (including preservation of affordable housing at-risk of conversion to market rate housing) are exempt from the above minimum density requirements but shall not result in fewer units or lower percentage of total affordability than currently exists except where reductions in unit count are required to meet building code requirements.
- (v) Must supply at least one (1) **Secure Overnight Bicycle Parking** spot for every two residential units that is not publicly accessible and is completely enclosed. Bicycle parking at the **Affordable Housing Development** will be considered an eligible cost but may not be used to meet required **Project Area** components as outlined in Section 102.

(B) **Affordable Housing Development Capital Projects** may:

- (i) Include residential units that are rental or owner-occupied, or a combination of both;

- (ii) Consist of scattered sites constituting a single, integrated **Affordable Housing Development** that meets the requirements set forth by Section 8303(b) of the Uniform Multifamily Regulations (UMRs); or
 - (iii) Include nonresidential uses that are compatible under local zoning.
- (C) Eligible costs for **Affordable Housing Development Capital Projects** are limited to:
- (i) Costs for a **Housing Development**, as specified in Section 7304 (a) and (b) of the MHP Guidelines dated June 19, 2019 (“MHP Guidelines”). Section 7304 (b) (10) the reasonable developer fee subject to the provisions of Section 7305, must be calculated as applicable using the **TCAC** Regulations dated June 17, 2020.
 - (ii) Soft costs such as those incidentally but directly related to construction or other pre-development components including, but not limited to, planning, engineering, construction management, architectural, and other design work, required mitigation expenses, appraisals, legal expenses, and necessary easements. Soft costs shall not exceed 10 percent of costs associated with the funding request for the **AHD Capital Project**.
 - (iii) Each AHSC application may budget up to 2 percent of their total funding request for **Employment Benefits and Outcomes Reporting**. This amount will scale with the size of the Applicant’s funding request. Applicants should consider the size of their loan and grant funded project components when allocating this item into capital cost budgets. **Employment Benefits and Outcomes Reporting** costs are not included within the soft costs cap.
- (D) **Affordable Housing Development and Housing Related Infrastructure Capital Projects** must comprise *at least* fifty (50) percent of total AHSC funds requested.
- (E) For AHSC application purposes, a **Project** may not contain more than one **Affordable Housing Development Capital Project**. A single **Affordable Housing Development Capital Project** may not include more than one **Affordable Housing Development**, nor may it include an **Affordable Housing Development** that contains multiple development sites when one development site is receiving 4 percent low-income housing tax credits, and another is receiving 9 percent low-income housing tax credits, or when the multiple development sites are each receiving separate 4 percent low-income housing tax credits. An application proposing an **Affordable Housing Development** with both 4 percent low-income housing tax credits and 9 percent low-income housing tax credits, or with multiple 4 percent low-income housing tax credits, will be disqualified on the grounds that it is not proposing a **Project** within the meaning and design of the **AHSC Program**. To the extent such tax credit

scenarios are contemplated, they shall constitute two separate and independent **Projects**, each of which must submit an entirely separate application and qualify independently of the other.

- (i) The purpose of this language is to clarify which types of Project structures are eligible within a single AHSC application and award. This reinforces AHSC's directive to SGC, HCD, and CARB to identify and fund unified, cohesive Projects which interdependent components truly work together to create reductions in VMTs and ultimately GHG emissions. Adjustments that may occur to an application's scope resulting from seeking multiple low-income housing tax credits would likely impact said **Project's** score, impacting the competitive process. As such, **Projects** contemplating multiple low-income housing tax credits should apply as two individual applications or apply as an application which contains one **Affordable Housing Development** that intends to seek a single low-income housing tax credit.

(2) **Housing-Related Infrastructure Capital Projects**

(A) Eligible costs for **Housing-Related Infrastructure Capital Projects** are limited to:

- (ii) Capital improvements required by a **Locality**, transit agency, or special district as a condition to the approval of the **Affordable Housing Development**.
- (iii) Soft costs such as those incidentally but directly related to construction or other pre-development components including, but not limited to, planning, engineering, construction management, architectural, and other design work, required mitigation expenses, appraisals, legal expenses, and necessary easements. Soft costs shall not exceed 10 percent of costs associated with the **HRI Capital Project**.
- (iv) Each AHSC application may budget up to 2 percent of their total funding request for **Employment Benefits and Outcomes Reporting**. This amount will scale with the size of the Applicant's funding request. Applicants should consider the size of their loan and grant funded project components when allocating this item into capital cost budgets. **Employment Benefits and Outcomes Reporting** costs are not included within the soft costs cap.
- (v) Required environmental remediation necessary for the **Capital Project** where the cost of the remediation does not exceed 50 percent of **AHSC Program** grant funds.

- (vi) Real property acquisition of the **Housing-Related Infrastructure** project site and associated fees and costs (not to exceed 10 percent of the total **AHSC Program** award). Real estate commissions for purchase or acquisition are not an eligible expenditure.
 - (vii) Impact fees required by local ordinance are eligible for funding only if used for the identified eligible **Capital Project** not to exceed 15 percent of the **AHSC Program** award up to \$300,000.
- (B) **Affordable Housing Development and Housing Related Infrastructure Capital Projects** must comprise *at least* fifty (50) percent of total AHSC funds requested.
- (3) **Sustainable Transportation Infrastructure Capital Projects** (including **Active Transportation** and transit infrastructure)
- (A) Eligible costs for **Sustainable Transportation Infrastructure Capital Projects** are limited to:
- (i) Capital improvements that result in the improvement or addition of infrastructure that encourages mode-shift by enhancing: 1) public transit access; 2) pedestrian network; or 3) bicycle network (includes public bike-share infrastructure and fleet) within the defined **Project Area** meeting the transit requirements detailed in Section 102 (c) or (d).
 - (ii) Soft costs such as those incidentally but directly related to construction or project plans, specifications and estimates including, but not limited to, planning, engineering, construction management, architectural, and other design work, environmental impact reports and assessments, appraisals, legal expenses, and necessary easements. Soft costs shall not exceed 30 percent of costs associated with the **STI Capital Project**.
 - (iii) Each AHSC application may budget up to 2 percent of their total funding request for **Employment Benefits and Outcomes Reporting**. This amount will scale with the size of the Applicant's funding request. Applicants should consider the size of their loan and grant funded project components when allocating this item into capital cost budgets. **Employment Benefits and Outcomes Reporting** are not included within the soft costs cap.
 - (iv) **Activity Delivery Costs** that are associated with the implementation of the **Capital Project** not to exceed 10 percent of the costs associated with the **Capital Project**.
 - (v) Operations expenditures for up to 5 years that directly expand transit service, including expansion beyond service levels offered during the COVID-19 pandemic, by supporting new, restored, or expanded

routes and may include wages, fueling, maintenance, and other costs to operate those services.

(vi) Other **Capital Project** costs required as a condition of local approval for the **Capital Project**, as approved by the **Department**.

(B) The total combined grant amount for **Sustainable Transportation Infrastructure Capital Projects** and **Transportation-Related Amenities Capital Projects** within a **Project Area** shall not exceed \$10,000,000.

(4) **Transportation-Related Amenities Capital Projects**

(A) **Transportation-Related Amenities** must be publicly accessible.

(B) Eligible costs for **Transportation-Related Amenities Capital Projects** are limited to:

(i) Capital improvements that are publicly accessible and provide supportive amenities to cyclists, pedestrians, and transit riders (i.e. bike parking, bus shelter, benches, street trees, etc.) within the defined **Project Area** meeting the transit requirements detailed in Section 102 (c) or (d).

(ii) Soft costs such as those incidentally but directly related to construction project plans, specifications and estimates including, but not limited to, planning, engineering, construction management, architectural, and other design work, environmental impact reports and assessments, appraisals, legal expenses, and necessary easements. Soft costs shall not exceed 10 percent of costs associated with the **TRA Capital Project**.

(iii) Each AHSC application may budget up to 2 percent of their total funding request for **Employment Benefits and Outcomes Reporting**. This amount will scale with the size of the Applicant's funding request. Applicants should consider the size of their loan and grant funded project components when allocating this item into capital cost budgets. **Employment Benefits and Outcomes Reporting** costs are not included within the soft costs cap.

(iv) **Activity Delivery Costs** that are associated with the implementation of the **Capital Project** not to exceed 10 percent of the costs associated with the **Capital Project**.

(v) Other **Capital Project** costs required as a condition of local approval for the **Capital Project**, as approved by the **Department**.

(C) The total combined grant amount for **Sustainable Transportation Infrastructure Capital Projects** and **Transportation-Related Amenities Capital Projects** within a **Project Area** shall not exceed \$10,000,000.

(b) **Program Costs**

(1) **Program Costs** include those costs typically associated with 1) program creation or 2) expansion of existing programs to serve new populations or offer new program service and implementation. Eligible costs may include operational costs for programs for the term of the grant (3 years). Programs include education, outreach and training programs for **Active Transportation** or transit ridership; air pollution exposure reduction; workforce development partnerships; tenant legal counseling services; and outreach, education, and subsidy to low-income residents for **ZEV** car sharing.

(A) Tenant legal counseling services cannot be provided by the **Developer**, building manager, or related entity and must be offered through a third party.

(2) The total grant amount for **Program Costs** within a **Project Area** shall not exceed 30 percent of the funding request for the overall **Project** up to \$500,000. Costs incurred for required transit passes or cards described in Section 106 (4) will not contribute to this cap.

(c) Ineligible costs include all of the following:

- (1) Costs are not eligible for funding if there is another feasible, available source of committed funding for the **Project** portion thereof to be funded by the **AHSC Program** or if the cost is incurred prior to **AHSC Program** award;
- (2) Routine maintenance or operations of transportation infrastructure including the general transit fleet, not including maintenance or operations associated with AHSC funded transit service expansion, including expansion beyond service levels offered during the COVID-19 pandemic;
- (3) In lieu fees for local inclusionary housing programs;
- (4) Ongoing operational costs beyond the term of the grant (three years) for **Program Costs**; and
- (5) Costs associated with automobile or motorcycle parking (excluding electric vehicle charging infrastructure).
- (6) Costs and fees associated with the ongoing provision of internet service.

Section 104. Assistance Terms and Limits

- (a) The maximum **AHSC Program** loan or grant award, or combination thereof, for a TOD, ICP and RIPA **Project Area** is \$30 million with a minimum award of \$1 million.
- (b) Loans for rental **Affordable Housing Developments**, or the rental portions of an **Affordable Housing Development**, are subject to the following terms:
 - (1) **AHSC Program** funds will be provided as a loan for permanent financing by the **Department** to the owner of the **Affordable Housing Development**, with the same terms as the **Department's MHP** Program financing as set forth in Section 7308 of the MHP Guidelines.
 - (2) The maximum loan amount shall be calculated pursuant to Section 7307 of the **MHP Guidelines** based on the number of **Restricted Units** in the **Affordable Housing Development**, affordability, unit sizes, and location in addition to the base amount for loan calculation as follows: \$95,000 for projects receiving 9 percent tax credits and \$175,000 for projects not receiving 9 percent tax credits. A manager's unit will be considered to be a Restricted Unit for the purpose of allocating **Affordable Housing Development** costs and may qualify for a loan amount up to the amount applicable to the 60 percent AMI level.
 - (3) Unless contradictory to any other provision expressly set forth herein, the currently adopted and applicable UMRs as may be amended from time to time, all as set forth in the **CCR**, Title 25, commencing with Section 8300 ("UMRs") are hereby incorporated by reference in their totality into these Guidelines.
 - (4) Use of multiple **Department** funding sources on the same **Assisted Units** (subsidy stacking) is prohibited. "**Department** funding sources" shall mean loan or grant funds awarded for permanent funding of development costs (which shall not include funds specifically designated for capitalized operating or operating subsidy reserves) under the following programs:
 - (A) Supportive Housing Multifamily Housing program;
 - (B) **MHP**;
 - (C) Veterans Housing and Homelessness Prevention program;
 - (D) No Place Like Home Program, including funds awarded either by the Department or an Alternative Process County;
 - (E) Affordable Housing and Sustainable Communities program - Affordable Housing Development loans, but not grants for Housing Related Infrastructure, Sustainable Transportation Infrastructure, Transportation Related amenities or Program Costs, all as defined in the program guidelines;

- (F) Transit Oriented Development program – rental housing development loans, but not grants for infrastructure;
 - (G) Joe Serna, Junior Farmworker Housing Grant program;
 - (H) SB 2 Farmworker Housing Program;
 - (I) Housing for a Healthy California program, including funds awarded either by the Department of Housing and Community Development or a county.
- (c) Grants shall be subject to the following terms:
- (1) The applicant must demonstrate that the grant will not result in a profit that exceeds the commercially reasonable range for other developments of similar size and level of risk.
 - (2) **AHSC Program** grant funds will be disbursed as reimbursed progress payments only after the execution of the Standard Agreement in the amount not to exceed the **AHSC Program** award of funds.
 - (3) Costs incurred prior to award are not eligible for reimbursement.
 - (4) If the **Capital Project** grant includes multiple phases or developments, all entitlements and construction funding commitments for the first phase must be received prior to the initial disbursement of AHSC funds.
 - (5) For **Housing-Related Infrastructure Capital Project** grants:
 - (A) The total **Housing-Related Infrastructure Capital Project** grant amount is \$35,000 per residential rental unit in the proposed **Affordable Housing Development**, or \$50,000 per rental **Restricted Unit**.
 - (B) Conditions precedent to the first disbursement of **AHSC Program** funds shall include receipt of all required public agency entitlements and all construction funding commitments for the **Affordable Housing Development** supported by the **Housing-Related Infrastructure Capital Project**.
 - (C) Rental **Affordable Housing Developments** supported by the **Housing-Related Infrastructure Capital Project** shall be subject to a recorded covenant ensuring affordability for duration of at least 55 years, recorded on the fee interest of the real property on which the rental **Affordable Housing Development** is to be located.
 - (D) Homeownership **Affordable Housing Developments** supported by the **Housing-Related Infrastructure Capital Project** shall be subject to a recorded covenant with a duration of at least 30 years that includes either a resale restriction or equity sharing upon resale, recorded on the fee interest of the real property on which the homeownership **Affordable Housing Development** is to be located.

- (E) For homeownership **Affordable Housing Developments, AHSC Program** assistance will be provided in the form of a grant from the **Department** to a **Locality** or **Developer**. It will be disbursed as reimbursed progress payments for **Eligible Costs** incurred for the construction of **Housing Related Infrastructure** required as a condition of approval of the homeownership **Affordable Housing Development**, made available for sale to qualified first-time homebuyers. The maximum first-time homebuyer grant amount is calculated to match the maximum loan amount pursuant to Section 7307 of the **MHP Guidelines** based on the number of **Restricted Units** in the **Affordable Housing Development**, affordability, unit sizes, and location in addition to the base amount of \$175,000. **Restricted Units** with affordability greater than 60 percent but no greater than 80 percent will have maximum first-time homebuyer grant amounts calculated according to matching unit sizes and location with affordability of 60 percent represented by **AMI**. Prior to any disbursement, an affordability covenant will be recorded against the fee interest in the property of the **Affordable Housing Development**. At the time of sale of the **Restricted Unit** to a qualified first-time homebuyer, either the affordability covenant or a resale restriction will be recorded against the **Restricted Unit** for a period of not less than 30 years from the date of recordation.

Section 105. Eligible Applicants

(a) Eligible Applicants

- (1) Eligible applicant entities shall include any of the following:
 - (A) A **Locality**, public housing authority, redevelopment successor agency, transit agency or transit operator, Regional Transportation Planning Agency (RTPA), local Transportation Commission, Congestion Management Agency, Joint Powers Authority (JPA), school district, facilities district, University or Community College District.
 - (i) For **STI** or **TRA** components only, an applicant may provide an executed agreement with a specific **Locality** or transportation agency non-applicant for the completion of the **STI** or **TRA** components of the AHSC Project for which funding is sought.
 - (B) A **Developer** or **Program Operator**.
 - (C) A **Federally Recognized Native American Tribe** whose **Project** meets requirements listed in detail in Appendix B.
- (2) A special purpose entity formed and controlled by the **Developer**, and which will serve as the ultimate borrower of AHSC loan funds, is not an **Eligible Applicant**. A special purpose entity ultimate borrower may be listed on the AHSC Program application in the appropriate, designated fields for listing such a borrower entity.
- (3) Where a **Public Agency** has a real property interest in the proposed **Project**, the application must include the **Public Agency** as a joint applicant or otherwise include a commitment to enter into a contractual agreement to develop the **Project**, if it is awarded.
- (4) Joint applicants for the **Project** will be held jointly and severally liable for the completion of the **Project**.
 - (A) A **Recipient** of **Department** funds must remain liable for performing all requirements of the award of funds as set forth in the Standard Agreement. Where there are multiple **Recipients**, all such **Recipients** must remain jointly and severally liable to the **Department** for that performance. Notwithstanding the foregoing, **Recipients** may indemnify each other by entering into agreements with one another as to particular portions of the award. In no event will any such agreement alter, amend, or revoke each individual **Recipient's** obligations to the Department, including the joint and several liability.

Section 106. Program Threshold Requirements

(a) Application Threshold Requirements

In addition to requirements detailed in Sections 102 through 105, to be eligible for **AHSC Program** funding, an application shall demonstrate to the **Department** all of the following:

- (1) The proposed **Project** will achieve a reduction in GHG emissions through fewer vehicle miles travelled (VMT), pursuant to the most recent **AHSC Program** Quantification Methodology, available on the California Air Resources Board's [Climate Change Investments \(CCI\) Quantification, Benefits and Reporting Materials webpage](#) . This must be evidenced by completed GHG Benefits Calculator tool, described in the AHSC Application, displaying VMT and GHG reductions for each **Project** component.
- (2) The proposed **Project** supports the implementation of the applicable Sustainable Community Strategy (SCS), as confirmed by the Metropolitan Planning Organization (MPO), or similar sustainable planning document in non-MPO regions, as required by Public Resources code section 75210 *et seq.* The application must be consistent with activities or strategies identified in the regional SCS, or similar planning document that demonstrate a per capita reduction in VMT and GHG.
- (3) The proposed **Project** must be consistent with the State Planning Priorities established pursuant to Section 65041.1 of the Government Code.
- (4) All proposed **Affordable Housing Developments** must provide free transit passes, reloadable transit cards, or discounted passes priced at no more than half of retail cost. At least one (1) pass or card shall be made available for each Restricted Unit for at least 3 years. The card or pass should have a minimum value of 40 average commute length rides a month as determined by the transit agency. These passes or cards may be paid for with AHSC funding.
- (5) Applicants of all proposed **Affordable Housing Developments** must certify that the development will be smoke free and demonstrate compliance by submitting a **Smoke Free Housing** lease addendum prior to construction loan closing.
- (6) The AHSC funded components of the **Project** must:
 - (A) Incorporate more than one **Urban Greening** feature with dedicated maintenance for at least two years. Applicants must propose at least \$200,000 in reasonable direct **Urban Greening** costs.
 - (B) Include adequate lighting in accordance with local, state, and federal design standards and requirements for all publicly accessible components of the **Project** including active transportation routes and transit stations or stops.

- (7) The **Project** must demonstrate a level of committed funding at time of application that is 90 percent or greater calculated by the following equation:

$$\frac{\text{AHSC funds requested} + \text{Enforceable Funding Commitments (EFCs)} - \text{Deferred Costs}}{\text{Total Development Cost} - \text{Deferred Costs}}$$

Note: HRI grant requests for Homeownership Affordable Housing Developments will not be counted as part of this equation, and therefore are exempt from this EFC threshold.

- (8) Completion and approval or adoption of all necessary environmental clearances including those required under the California Environmental Quality Act (CEQA) and if applicable, the National Environmental Policy Act (NEPA). All applicable time periods for filing appeals or lawsuits have lapsed within 30 days after the application due date with lawsuits or appeals resolved. Proof of NEPA clearance is shown through an Authority to Use Grant Funds document.
- (A) **STI** or **TRA** components of a **Project** are not required to certify completion and demonstration of approval of environmental clearances (NEPA or CEQA) as stated in (8) above until prior to the initial disbursement of grant funds
- (9) Applications must demonstrate that all necessary discretionary local land use approvals, excluding design review, have been granted within 30 days of the application due date.
- (10) The application must be sufficiently complete to assess the feasibility of the proposed project and its compliance with **AHSC Program** and application requirements. For example, the applicant must demonstrate that the **Project** is financially feasible as evidenced by documentation including, but not limited to, a market study, project pro-forma, sources and uses statement, proposed operating budget, multi-year pro-forma, or other feasibility documentation that is standard industry practice for the type of proposed **Affordable Housing Development**. A market study that meets the requirements specified in the TCAC Regulations Section 10322(h)(10) will be accepted by the **Department**.
- (11) The applicant or **Developer** of the **Project** must demonstrate **Site Control** sufficient to ensure the timely commencement of the **Project** as determined by the **Department**.
- (12) Applicants must demonstrate experience by providing evidence of at least two projects that are similar to the proposed AHSC **Project** in scope and size, which have been completed by the applicant, or joint applicant, during the ten years preceding the application due date. If an Applicant relies upon the experience of its principal to meet the Applicant experience requirements, documentation of the principal's experience is required as set forth in the application, in addition to recent project evidence described in the previous sentence.

- (A) For **STI** or **TRA** components only, an applicant may demonstrate the requisite experience (as detailed above) by using the past experience of work completed of a Locality or Transportation Agency non-applicant so long as the applicant can provide an executed agreement with that specific **Locality** or transportation agency non-applicant for the completion of the **STI** or **TRA** components of the AHSC Project for which funding is sought.
- (13) As of the date of application, the applicant(s), the **Project**, or the real property on which the **Project** is proposed may not be party to or the subject of any claim or action in the state or federal courts that affects or potentially affects the feasibility of the project. Further, the applicant(s) shall disclose and describe any claim or action undertaken by or against the applicant(s), the **Project** or the Property which affects or potentially affects the feasibility of the **Project**.
- (14) Construction of the **Project** has not commenced as of the application deadline set forth in the **NOFA**.
- (15) **Qualifying Transit** must be completed and offering service to the **Transit Station/Stop** of the **Project Area** by the time set forth in the Standard Agreement, but in no case later than the issuance of the certificate of occupancy for the **Affordable Housing Development**.
- (16) Demonstrate consistency with State Relocation Assistance Law (CA Gov Code Sec. 7260-7277).
- (17) The Housing Element for the jurisdiction in which the **Project** is located must be in substantial compliance by the date of award recommendation. Housing Element in substantial compliance means the local public entity's adopted housing element is in substantial compliance as demonstrated by a letter from the Department which sets forth findings that the housing element adopted within the time frames required by Section 65588 of the Government Code includes that substance essential to every requirement of Article 10.6, commencing with Section 65580, of Chapter 3 of Division I of Title VII of the Government Code. A jurisdiction's current housing element compliance status can be obtained by referencing the [Department's website](#). **Projects** located on Trust Land, as defined in Appendix B(a)(1), (2), are exempt from this requirement.
- (18) Applications must integrate applicable climate adaptation measures as described in Section 107(o).
- (19) The applicant must demonstrate that costs for any **Project** or component thereof will not result in loss or conversion of agricultural or other working lands or natural resource lands for other uses. The **Project** site must not be designated as agricultural land according to the State Department of Conservation's Farmland Mapping and Monitoring Program (FMMP) Tool. An exemption to the FMMP designation may be allowed for applications that submit documentation that substantiates a description of an **Infill Site**.

- (20) Applications requesting **AHSC Program** funding for **Affordable Housing Developments** and **Housing-Related Infrastructure Capital Projects** must also demonstrate to the satisfaction of the **Department** all the following:
- (A) Rental **Affordable Housing Developments** must meet the underwriting standards in the UMRs and **MHP Guidelines** Section 7312.
 - (B) The **Affordable Housing Development** and/or **Housing-Related Infrastructure Capital Project(s)** are infeasible without **AHSC Program** funds, and other committed funds are not and will not be supplanted by **AHSC Program** funds.
 - (C) Proposed **Projects** involving new construction or **Substantial Rehabilitation** and requiring the demolition of existing residential units are eligible only if the number of bedrooms in the new **Project** is at least equal to the number of bedrooms in the demolished structures, with equal or greater affordability. The new affordable units may exist on separate parcels provided all parcels are part of the same **Project** meeting the requirements of the UMRs Section 8303 (b).
 - (i) The Department may approve **Projects** involving new construction or **Substantial Rehabilitation** and requiring the demolition of existing residential units that result in a number of bedrooms less than the number in the demolished structures where it determines that such approvals will substantially improve the livability of the remaining units, or serve some other compelling public policy objective, as long as the reduction does not result in more than 25 percent fewer units upon Project completion.
 - (D) If the **Affordable Housing Development** and/or **Housing-Related Infrastructure Capital Project(s)** involves the demolition of existing units that are affordable to lower-income households, the application must demonstrate the replacement of demolished units, comparable in size, of equal or greater affordability and equal to or greater than the number of the demolished affordable units located within comparable access to transit and include first right of return to displaced residents.
 - (E) Applicants must demonstrate the proposed **Affordable Housing Development** is consistent with State and Federal Fair Housing requirements including duties to affirmatively further fair housing.
 - (F) Where approval by a local public works department, or other responsible local agency, is required for the **Housing-Related Infrastructure Capital Project**, the application must include a statement from that department indicating that the **Housing-Related Infrastructure Capital Project** is consistent with all applicable local rules, regulations, codes, policies and plans enforced or implemented by that **Department**.

- (21) Applications requesting AHSC Program funding for **Sustainable Transportation Infrastructure** and/or **Transportation-Related Amenities Capital Projects** must satisfy all the following:
- (A) Where approval by a local public works department, or other responsible local agency, is required for the **Project**, the application must include a statement from that entity indicating that the **Sustainable Transportation Infrastructure** and/or **Transportation-Related Amenities Capital Project(s)** is consistent with all applicable local rules, regulations, codes, policies and plans enforced or implemented by that entity.
 - (B) If the **Sustainable Transportation Infrastructure** and/or **Transportation-Related Amenities Capital Project(s)** involves the demolition of existing units that are affordable to lower-income households, the application must demonstrate the replacement of demolished units, comparable in size, of equal or greater affordability and equal to or greater than the number of the demolished affordable units located within comparable access to transit and include first right of return to displaced residents.
 - (i) The no net loss requirements contained in section 106(a)(20)(C) of these Guidelines apply to **Sustainable Transportation Infrastructure or Transportation-Related Amenities Capital Projects** occurring on a property which includes a parcel, or any portion of a parcel, on which (1) residential dwelling units affordable to lower income households currently exist, or (2) there have been dwelling units restricted to lower-income households that have been vacated or demolished within the five year period preceding the application.
- (22) Applications requesting AHSC Program funding for **Program Costs** must also demonstrate to the satisfaction of the Department all the following:
- (A) The **Program Costs** are infeasible without AHSC Program funds, and other committed funds are not being supplanted by AHSC Program funds
- (23) All proposed AHSC **Project** components are subject to all applicable codes, including the California Building Standards Code (**CCR**, Title 24). The 2019 edition of this code, effective January 1, 2020, requires mechanical ventilation systems with high efficiency filtration of Minimum Efficiency Rating Value (MERV) 13.
- (24) Outreach and education on reducing potential health impacts of air pollution must be provided to residents of **Affordable Housing Developments**. Local health departments, air districts, and nonprofits may provide useful resources for this requirement.
- (25) **Projects** must meet the accessibility requirements specified in the TCAC regulations, as may be amended and renumbered from time to time. Exemption

requests, as provided for in the TCAC regulations, must be approved in writing by the **Department** prior to the start of construction. Projects must also provide a preference for accessible units to persons with disabilities requiring the features of the accessible units in accordance with TCAC regulations. The applicant or **Developer** of the **Project** must ensure that any other applicable federal, state, and local accessibility requirements are met.

- (26) Projects involving new construction, acquisition and **Substantial Rehabilitation**, or conversion of nonresidential structures to residential dwelling units must be capable of accommodating broadband service with at least a speed of 25 megabits per second for downloading and 3 megabits per second for uploading (25/3). Internet service and its ongoing fee is not required.
- (A) **Projects** should provide a conduit from the public right of way or property line and provide pathways, wiring, cables, and other necessary infrastructure extended to each unit and public common space to provide a broadband connection.
- (B) For some rural areas, other technologies like fixed wireless, might offer the highest caliber connection. All applicants should consult with their local jurisdictions about their broadband infrastructure planning, as well as existing internet service providers in the area.

Section 107. Scoring Criteria

AHSC Program funds will be allocated through a competitive process, based on the merits of the application to support sustainable development that expands and improves transit, walking and bicycling infrastructure and provides opportunities to reduce VMT by supporting connectivity between housing and destinations to bring about reduction of GHG emissions.

The scoring criteria is divided by three categories, for a total of 100 points:

1. GHG Reductions Scoring (30 points)
2. Quantitative Policy Scoring (55 points)
3. Narrative-Based Policy Scoring (15 points)

Applications meeting threshold requirements as detailed in Section 106 will be reviewed and scored based upon the detailed criteria as described in Figure 5 below. The narrative-based policy scoring section of the application will be scored only for projects that obtain over 50 percent of the total points available (at least 43 of the 85 other available Quantitative and GHG-related points). Projects that are not scored for Narrative are not eligible for award. All of the scoring criteria will be applied to all **Projects**, regardless of the project components present in each specific **Project**.

To receive points related to a specific **Project** component, the component must be at least partially funded through AHSC (e.g. an applicant can only receive points related to an **Affordable Housing Development** when requesting **AHD** or **HRI** funds).

Figure 5: AHSC Scoring Elements and Criteria

Criteria	Points
GHG Reductions Scoring	
GHG Transit	5
GHG Housing, Active Transportation, and Renewable Energy	10
GHG Efficiency	15
Quantitative Policy Scoring	
Active Transportation Improvements	10
Green Buildings and Renewable Energy	10
Housing and Transportation Collaboration	9
Location Efficiency and Access to Destinations	6
Funds Leveraged	4
Anti-Displacement Strategies	6
Local Workforce Development and Hiring Practices	3
Housing Affordability Programs	5
	2
Narrative-Based Policy Scoring	
Collaboration & Planning	4
Community Benefit & Engagement	6
Community Climate Resiliency	3
Community Air Pollution Exposure Mitigation	2

(a) **Estimated GHG Emissions Reductions – 30 Points Maximum**

For this section, applications will be scored based on the estimated GHG emission reductions based on: 1) the transit **Project** GHG emission reductions; 2) the housing, active transportation, and renewable energy **Project** GHG emission reductions; AND 3) cost efficiency of total estimated GHG emission reductions per AHSC dollar. Each of these scoring methods will represent a maximum of 5, 10, and 15 points of the total combined 30 points available under this criterion, respectively.

Note: While up to 5 points are available for GHG emission reductions from transit **Projects**, the 15 points for cost efficiency of total estimated GHG emissions reductions will also be strongly affected by transit **Projects**. On average, GHG reductions from transit **Projects** make strong contributions to total **Project** GHG Emissions *Reductions in a cost-effective manner*.

Applications will be awarded points for Project GHG Emissions Reductions according to the following process:

- (1) For each **Project**, applicants will estimate GHG emission reductions using the most recent AHSC Benefits Calculator Tool, available on the California Air

Resources Board's (CARB) [CCI Quantification, Benefits, and Reporting Materials webpage](#) .

- (A) Transit **Project** GHG emission reductions will represent the GHG emission reductions associated with AHSC funded new or expanded transit service, capital improvements, or fare reductions as estimated through the AHSC Benefits Calculator Tool and reviewed by State agency staff. For reductions associated with a transit vehicle purchase, the majority of the vehicle cost must be funded by AHSC to be eligible for GHG quantification. In the case that multiple transit vehicles of a single mode type are purchased, all but one vehicle must be funded *entirely* by AHSC while the additional vehicle may have a majority, but less than total cost, funded by AHSC in order to be eligible for quantification.

Applicants are required to adhere to guidance published by CARB and SGC regarding GHG emission reductions estimates, including on how to estimate ridership growth. Guidance will be posted to [CARB's CCI Quantification, Benefits, and Reporting Materials webpage](#) and [SGC's AHSC Resource Page](#), possibly in the form of a Questions and Answers document.

- (B) Housing, active transportation, and renewable energy **Project** GHG emission reductions will represent the GHG emission reductions associated with AHSC funded **Affordable Housing Developments** and residential transit subsidies, solar photovoltaic (PV) electricity generation, new bicycle facilities and walkways, and new or expanded bikeshare as estimated through the AHSC Benefits Calculator Tool and reviewed by State agency staff.
- (C) Cost efficiency of estimated GHG emission reductions will be calculated by the following formula:

$$\frac{\text{Total Project GHG Emission Reductions}}{\text{AHSC \$ Request}}$$

Total **Project** GHG Reduction score will represent the total GHG emission reductions estimated through the AHSC Benefits Calculator Tool.

Note: For phased projects, only the current phase (the phase seeking AHSC funding) of a project will be quantified.

- (2) All applications will be ranked from highest to lowest within each **Project Area** type for all of the transit **Project** GHG emission reductions; housing, active transportation, and renewable energy **Project** GHG emissions reductions; and the Efficiency of Reductions score.
- (3) Each application will be assigned to one of five bins representing one fifth of the total number of applications in ranked order with each bin receiving an assigned point score, up to a maximum of (1) 5 points for transit **Project** GHG

emission reductions; (2) 10 points for housing, active transportation, and renewable energy **Project** GHG emission reductions; and (3) 15 points for cost efficiency of estimated GHG emission reductions, as follows:

Transit Bin Scoring	Affordable Housing, Active Transportation, and Renewable Energy Bin Scoring	Cost Efficiency of GHG Reductions Bin Scoring
Bin 1 = 5 points	Bin 1 = 10 points	Bin 1 = 15 points
Bin 2 = 4 points	Bin 2 = 8 points	Bin 2 = 12 points
Bin 3 = 3 points	Bin 3 = 6 points	Bin 3 = 9 points
Bin 4 = 2 points	Bin 4 = 4 points	Bin 4 = 6 points
Bin 5 = 1 points*	Bin 5 = 2 points	Bin 5 = 3 points

*Transit **Projects** that result in a net increase in emissions will be placed in Bin 5 but receive 0 points for transit **Project** GHG emission reductions.

- (4) Bin scores for (1) transit **Project** GHG emission reductions; (2) housing, active transportation, and renewable energy **Project** GHG emission reductions; and (3) cost efficiency of estimated GHG emission reductions, will be combined to determine final GHG emission reduction criteria score as follows:

Transit Bin Scoring		Affordable Housing, Active Transportation, and Renewable Energy Bin Scoring		Cost Efficiency of GHG Reductions Bin Scoring
Bin 1 = 5 points		Bin 1 = 10 points		Bin 1 = 15 points
Bin 2 = 4 points		Bin 2 = 8 points		Bin 2 = 12 points
Bin 3 = 3 points	+	Bin 3 = 6 points	+	Bin 3 = 9 points
Bin 4 = 2 points		Bin 4 = 4 points		Bin 4 = 6 points
Bin 5 = 1 points*		Bin 5 = 2 points		Bin 5 = 3 points

*Transit **Projects** that result in a net increase in emissions will be placed in Bin 5 but receive 0 points for transit **Project** GHG emission reductions.

Note: For the purposes of calculating the points used to determine the GHG emission reductions score for the TOD, ICP, and RIPA targets, projects will be binned within their Project Area Type, and therefore will only compete within their project area type for the first 80 percent of appropriated funding per Section 108.

Quantitative Policy Scoring – 55 Points

(b) Active Transportation Improvements – 10 Points Maximum

- (1) Up to 2 points for the total length (in linear miles) of AHSC funded **Context Sensitive Bikeways** as follows:

- 2 points for over half a mile
 - 1 point for less than half a mile
- (2) 1 point for **Projects** that link the **Affordable Housing Development** or **Qualifying Transit Station or Stop** to an existing bicycle network or a bicycle network identified official public planning documents. The existing or planned bicycle network must be directly linked by a new **Context Sensitive Bikeway** funded by AHSC that has an entry point within one quarter mile of either the **Affordable Housing Development** or **Qualifying Transit Station or Stop**. The existing or planned bicycle network does not have to be comprised of **Context Sensitive Bikeways**.
- (3) Up 2 points (1 point per improvement) for projects that address barriers to safe access of bicycle routes. Documentation must be provided to certify that the **Project** will do at least one of the following in an attempt to increase bicycle safety and access:
- reduce vehicular speed or volume near bicycle users;
 - improve sight distance and visibility;
 - eliminate potential conflict points;
 - improve compliance with traffic laws; or
 - address any other barriers to cyclists that may have existed on the route.
- (4) Up to 2 points for the length of AHSC funded **Safe and Accessible Walkways** as follows:
- 2 points for over 2,000 feet
 - 1 point for 1,000 to 1,999 feet

Indicate the measured length (in feet) of new or replaced sidewalk.

STI improvements that will make walkways safe and accessible (e.g., through sidewalk replacement) will be measured for the distance of the entire block face on which the infrastructure improvement will be made so long as the entire distance of its walkway will then meet the AHSC definition of **Safe and Accessible Walkway**. Safe and accessible crosswalk improvements, which are **STI**, can be measured for the crosswalk distance plus the distance of one block face to which it connects, so long as the block face is a **Safe and Accessible Walkway**.

TRA improvements that will create **Safe and Accessible Walkways** will be measured according to the length of sidewalk directly improved (ex: provided shade to, illuminated). Unimproved distances of walkways in-between **TRA** improvements will not be measured.

- (5) 1 point for **Projects** that provide a pedestrian crossing point that directly links two pedestrian networks that are unlinked for one quarter mile along a walkable route (i.e. no connecting point for one quarter mile). Examples include

overpasses, underpasses, and placement of sidewalk where none previously existed. At-grade crosswalks are not eligible for this point.

- (6) Up to 2 points for projects that address barriers to safe access of pedestrian routes. Documentation must be provided to certify that the **Project** will do at least one of the following in an attempt to increase pedestrian safety and access: reduce vehicular speed or volume near pedestrians, improve sight distance and visibility, eliminate potential conflict points, improve compliance with traffic laws, or address any other barriers to pedestrians that may have existed on the route. One point will be awarded for each addressed site of a barrier(s) to safe pedestrian access.

(c) **Green Buildings and Renewable Energy - 10 Points Maximum**

- (1) 3 points will be awarded for **Projects** that are designed to achieve green building status beyond State mandatory building code requirements as verified by a certified LEED Green rater, certified Green Point rater, or licensed engineer. Applicants may select from the following green building certification programs:

Certifications for residential construction:

Program	Tier
CalGreen	Tier 2
LEED	Gold
Green Point Rated	New Construction: Gold Rehabilitation: Whole Building
ENERGY STAR	Certified Home
Living Future Challenge	Living Building

Certifications for non-residential construction:

Program	Tier
CalGreen	Tier 2
LEED	Gold

- (2) Up to 7 points will be awarded for **Affordable Housing Developments**, or **Mixed Use Developments** in the case that non-residential uses are included, that incorporate electric design, as detailed below:
- 3 points for **Affordable Housing Developments**, or **Mixed Use Developments** that achieve near electrification – projects where two out of three of the major energy appliances (cook stoves, space heating, water heating) are electric. Projects must be wired to be electric ready, defined as having 240 volts outlets near each gas appliance.
 - 7 points for **Affordable Housing Developments** or **Mixed Use Developments** that are powered entirely through electricity with no connections to natural gas infrastructure.

(d) **Housing and Transportation Collaboration - 9 Points Maximum**

- (1) Up to 6 points for applications with an AHSC funds request of at least \$1,000,000 for either **Affordable Housing Development** or **Housing-Related Infrastructure** AND an AHSC funds request for **Sustainable Transportation Infrastructure** that comprises at least a certain percentage of the total AHSC funds request as detailed below:

STI Funds Request as percentage of Total AHSC Request	Points
10%	2 points
15%	4 points
25%	6 points

- (2) 2 points for applications which invest at least 5 percent of total AHSC funds in **Transportation Related Amenities** at a **Transit Station or Stop** within the **Project Area**. One point will be given to projects that invest at least 5 percent of total AHSC funds in **Transportation Related Amenities**, but not at a **Transit Station or Stop**.
- (3) 1 point for **Projects** which have received funding from other Greenhouse Gas Reduction Fund (GGRF) programs which directly benefit or contribute to the development of the proposed **Project**.

OR

1 point for **Projects** within environmentally cleared California high speed rail station planning areas.

(e) **Location Efficiency and Access to Destinations - 6 Points Maximum**

- (1) Up to 3 points will be given for the Location Efficiency of the **Project** site as determined by the US EPA Walkability Index using the address of the **Project** site. If the **Project** is a corridor and does not have a specific address, use the center most point of the **Project** for the calculation. [Click here for the methodology for the Walkability Index](#).

Points will be given on the following scale:

- 3 points: Most Walkable (Dark Green; 15.25-20)
 - 2 points: Above Average Walkable (Light Green; 10.51-15.25)
 - 1 point: Below Average Walkable (Yellow; 5.76-10.5)
 - 0 points: Least Walkable (Orange; 1-5.75)
- (2) Up to 3 points will be given for projects that provide a map highlighting the location of existing **Key Destinations** within 1/2 mile of the AHD. Each type of **Key Destination** is worth one third of a point and may only be counted once.
 - Grocery store which meets the CalFresh Program requirements
 - Medical clinic that accepts Medi-Cal payments
 - Public elementary, middle or high school
 - Licensed child care facility
 - Pharmacy
 - Park accessible to the general public
 - Public library
 - Office park
 - University or junior college
 - Bank or Post Office
 - Place of Worship

(f) **Funds Leveraged - 4 Points Maximum**

- (1) A maximum of 4 points will be awarded for applications demonstrating **Enforceable Funding Commitments** to leverage AHSC funded **Capital Projects** and **Program** activities. Applications will be scored based on the amount of **Enforceable Funding Commitments** (as defined in Appendix A) from sources other than the **AHSC Program**, as a percentage of the requested amount of **AHSC Program** funds as follows:

Enforceable Funding Commitments as percentage of Total AHSC Request	Points
50% to 99%	1 points
100% to 149%	2 points
150% to 199%	3 points
>200%	4 points

(g) **Anti-Displacement Strategies - 6 Points Maximum**

- (1) Up to 4 points (1 point per strategy) for **Projects** that either implement strategies or programs, or are located in jurisdictions with policies, strategies or programs that currently exist to prevent the displacement of local community residents from the area surrounding the **Project**. Each strategy or program is only eligible for fulfilling a single scoring criterion. Applicants are required to describe the strategy or program and how it relates to the AHSC **Project**; how strategies exceed state requirements, if applicable; and who will implement any strategies under “Voluntarily Implemented by Applicants” and how they will do so.

Voluntarily Implemented by Applicants: *

-
- Funding a community multi-lingual tenant legal counseling service. These funds do not need to be supplied by AHSC.
- Affirmative marketing strategies or plans targeting nearby neighborhoods, a **Disadvantaged Community** or a **Low-Income Community**
- Funding and partnering with a community based organization or service provider with a history of working in the local community to conduct displacement prevention work. These funds do not need to be supplied by AHSC. The application must include an executed agreement and outline the relationship between the community based organization and applicant, one of which identifies the outcomes of the funded work.

Local Policies: **, ***

- Replacement requirements in targeted growth areas such as transit stations, transit corridors, job and housing rich areas, downtowns and revitalization areas or policies on sites identified pursuant to Government Code section 65583.2(g)(3)
- Rent stabilization programs beyond what is required by California Civil Code 1946.2

- Just cause eviction or other efforts improving tenant stability beyond what is required by California Civil Code 1946.2
- Policies to preserve Single Room Occupancy (SRO) housing or mobile home parks
- Condominium conversion restrictions
- Land banking programs actively receiving funding with a cumulative value of at least \$1,000,000
- Community benefit zoning and/or other land value recapture strategy
- Rent review board and/or mediation, foreclosure assistance, or multi-lingual tenant legal counseling services.
- Policies to facilitate the development of new accessory dwelling units.
- Density bonus ordinances that expand on state replacement requirements

* Strategies under “Voluntarily Implemented by Applicants” must be funded by an AHSC applicant.

** Strategies under “Local Policies” will only be awarded points if these policies are within local code or are ongoing programs of the local jurisdiction. All actions may only qualify for a single strategy.

*** Strategies or programs must exceed State minimum standards. Local ordinances that match or exceed legal provisions such as tenant protection laws adopted in response to COVID-19 or those included under Government Code 66300 (Housing Crisis Act of 2019) may count for points in this section so long as they are not temporary.

- (2) Up to 2 points (1 point per strategy) for **Projects** demonstrating policies, strategies or programs that either currently exist or will be implemented through this **Project** to prevent the displacement of locally-owned businesses from the area surrounding the **Project**. One point will be given for a policy, strategy, or program that either currently exists or is newly implemented through this **Project**. Two points will be given for two policies, strategies, or programs, either as one currently existing and one newly implemented through this **Project**, or both newly implemented through this **Project**. Strategies should be selected from this following list:

- Implementation of an overlay zone to protect and assist small businesses;
- Establishment of a small business advocate office and single point of contact for every small business owner;
- Creation and maintenance of a small business alliance;
- Increased visibility of the jurisdiction’s small business assistance programs;
- Formal program to ensure that some fraction of a jurisdiction’s purchases of goods and services come from local businesses;
- Prioritization of Minority and Women Business Enterprises (MWBE) for public contracting.

(h) **Local Workforce Development & Hiring Practices - 3 Points Maximum**

Up to 3 points (1.5 points per strategy) for **Projects** that implement workforce development strategies. Applicants shall provide the name of the organization(s) they are partnering with, the demographic data on the population they serve, and a written agreement that details the partnership strategy or policy undertaken and its outcomes.

- (1) Examples of workforce development strategies include:
- Funding a community-based workforce development entity that has a track record of success serving disadvantaged populations and can demonstrate significant job placement rates for trainees from **Disadvantaged Communities**. The workforce development entity must submit program metrics detailing the demographics and numbers of individuals recruited, trained, and placed into state-certified apprenticeships or related jobs;
 - **Project** is bound by a Skilled and Trained workforce commitment. Applications must submit a letter of intent between the developer and the certified apprenticeship program outlining the mechanism to deliver on the term of that commitment.
 - Projects that have developed a project labor or community workforce agreement. Applications should submit documentation of those agreements, including a plan to pull a defined set of pre-apprentices from local programs with close and demonstrable connections to state-certified apprenticeships.
 - **Projects** that are located in jurisdictions with local hire ordinances that directly apply to the proposed project. Application must include documentation of those requirements and a concrete plan to comply, including a specific number of targeted workers or apprenticeships to be hired, the mechanism for doing so, and the programs from which they will be pulled.

The purpose of these workforce partnerships and practices is to advance the recruitment, training, and hiring of low income residents and underrepresented workers living in **Disadvantaged Communities**, connecting these populations with training and hiring opportunities that the funded project creates or facilitates.

Note: Projects in which every AHSC project component cannot legally implement local hire or workforce development strategies must include an explanation detailing these barriers in order to receive full points.

(i) **Housing Affordability - 5 Points Maximum**

- (1) Up to 5 points will be awarded for applications which restrict a percentage of units in the **Affordable Housing Development** to Extremely Low Income (ELI) households:

Percent of total units restricted to ELI households	Points
5% to 10%	2 points
11% to 15%	3 points

16% to 20%	4 points
>20%	5 points

(j) **Programs – 2 Points Maximum**

- (1) 1 point will be awarded to applicants that propose an AHSC funded eligible **Program**. For transit pass programs to qualify for this point, they must be offered to at least as many individuals within the community as are offered to residents of the **Affordable Housing Development**.
- (2) Up to 1 point will be awarded for applicants that provide documentation showing how the Program Operator will sustain the program beyond the term of the AHSC Program grant (three years).

Narrative-Based Policy Scoring- 15 Points

The narrative-based policy scoring section of the application will be scored only for projects that obtain over 50 percent of the Quantitative and GHG QM points (i.e., 43 points or higher). For this section, applicants must include a PDF attachment of a narrative that addresses the following questions and prompts. Please include the bolded headers listed below for each point section of the write-up; the questions should not be re-stated in the write-up. The total write-up may not exceed six pages, not including required documentation. Ensure that all relevant information for each section is included either in the response for that section, or the required documentation for that section.

(k) **Collaboration & Planning - 4 Points Maximum**

Collaboration between local governments and housing and transportation providers is critical to create a project that ensures connectivity and responds to its contexts. Outline how the proposed project brings together the efforts of local government, including housing and transportation agencies. The following prompts must be addressed in the narrative:

- (1) **Local Planning Efforts:** Identify what local planning efforts the project implements, and if applicable, describe what particular components of the project are derived from a local plan. Explain how local government agencies were involved in the process of creating the project.
 - Agencies to consider in your answer may include, but are not limited to: local public works department, transit agencies, planning and community development departments, housing departments, local health department, schools/school districts, emergency services, law enforcement, etc.
 - Examples of planning efforts to discuss may include, but are not limited to: General Plan (e.g., circulation element or housing element); Specific Plan; Community Plan; Climate Action Plan; Community Health Improvement Plan (CHIP); Redevelopment Plan; Bicycle Master Plan;

Disadvantaged Community Assessment (Government Code Section 65302); Pedestrian Master Plan; Local Coastal Plan; Transit Plan; Transit Corridor Plan; Station Area Plan; Corridor System Management Plan; Transportation Demand Management (TDM) Strategy or Plan.

Required Documentation: Applicable section or elements of local planning document.

- (2) **Housing and Transportation Collaboration:** Describe the relationship between the joint-applicants or partners that worked together to create the proposed AHSC **Project**. Explain the process involved in coming together to create a larger vision for the **Project Area**. Describe the integration of housing, transportation, and urban greening infrastructure components in creating a cohesive **Project**.

Required Documentation: Site Plan and project area map (or context plan).

(I) **Community Benefits & Engagement - 6 Points Maximum**

Community involvement and leadership are crucial to ensuring that both the principle objectives and co-benefits of the project respond to the true needs of local residents. Explain how local residents and community-based organizations were meaningfully engaged in developing the **Project**, especially those from **Disadvantaged** and **Low-income Communities**, and how the project addresses community-identified needs. Please address the prompts below in your narrative.

- (1) **Community Engagement and Leadership:** Describe how community-based organizations and local residents have been meaningfully involved in the visioning and development of this project. Explain in which stage(s) of the process community members and CBOs have been and will be engaged. Describe efforts to involve **Disadvantaged** and/or **Low-Income Community** residents, including how meetings were advertised and made accessible.
- (2) **Addressing Community Needs:** Demonstrate how the proposed AHSC project meets one or more identified community needs, articulating how these needs were identified (e.g. through the community engagement process, a local needs assessment, as part of a local health department plan or other city/county plan, etc.). Address community needs beyond the provisions of housing and transportation. For **Projects** located in a **Disadvantaged Community** or **Low-Income Community**, applicants are also encouraged to cite top burdens from their CalEnviroScreen 3.0 score as community needs that their projects will address. For all **Projects**, applicants are encouraged to cite key factors contributing to less healthy community conditions from their [Healthy Places Index](#) score as community needs that their **Project** will address.

Required Documentation:

1. Letter of support from local community-based, grassroots organization, or local or Tribal health department/agency describing the community engagement process and how feedback from local residents was incorporated into the project.
2. Community Engagement Tracker: Provide additional information on events where community participation occurred in the Community Engagement Tracker template.

Note: AHSC recognizes that COVID-19 has placed significant constraints on the way engagement can be conducted. Not only is the pandemic affecting inter-personal interactions and shifting engagement to digital mediums, but it is putting a financial strain on government, developers, and community organizations, alike. Moreover, low-income and minority communities have been disproportionately affected by the dual financial and public health crises. Taking these facts into consideration, the review process will factor COVID-related constraints into the scoring process.

(m) **Community Climate Resiliency - 3 Points Maximum**

Communities will continue to experience effects of climate change in various ways, including increased likelihood of droughts, sea level rise, flooding, wildfires, heatwaves and severe weather. Due to these effects, climate resiliency is a key part of planning and project implementation decisions.

- (1) **Climate Adaptation Assessment Matrix:** Fill out the Climate Adaptation Assessment Matrix with climate projections for the listed impacts and with technical descriptions of adaptive measures to be employed. If the project is considering climate projections from data sources besides those listed below, state where the data are from and if they use different assumptions (e.g., time horizon).
- (2) **Climate Adaptation:** Describe how the risks posed from changing climate conditions will be reduced by strategies listed in the Climate Adaptation Assessment. Consider the lifetime of **Project** elements, risks posed by changing climate conditions, and consequences of those risks (e.g., impacts to occupant health and safety, structural integrity, heating and cooling systems, etc.). If your local city or county has added adaptation measures to the General Plan or other local planning documents, describe how the **Project** conforms to the implementation of that plan (Government Code section 65302(g)(4), requires cities and counties to incorporate climate considerations in the Safety Element of the General Plan or other local plan or document by January 1, 2022). Please separate responses according to climate impacts.

Note: If available, use localized climate impact projections. For tools to help assess general climate impacts, please visit [Cal-Adapt's Local Climate Snapshot tool](#). For adaptation tools, resources, strategies and case studies visit the [state's Adaptation Clearinghouse](#).*

(n) **Community Air Pollution Exposure Mitigation – 2 Points Maximum**

Decreasing air pollution exposure to residents living near sources, including (but not limited to) freeways and high-volume roadways, is essential for ensuring the benefits of infill development are actualized, including promoting public health. Implementing scientifically based air pollution mitigation strategies at the project level, can help protect public health and support GHG reduction goals.

- (1) **Air Pollution Exposure Mitigation Strategies:** Identify pollutants of concern and known sources of pollution affecting the Project Area. Report the Particulate Matter (PM) 2.5, Diesel PM, Toxic Releases to Air, and Traffic Density percentiles as described in CalEnviroScreen 3.0 for the census tract in which the project will be sited.* Describe how air pollution mitigation strategies are utilized in the design of the **Project**, how they were selected, and how they address pollution sources.

Example Strategies:
Speed reduction mechanisms, including roundabouts
Traffic signal management
Design that promotes air flow and pollutant dispersion along street corridors
Solid barriers, such as sound walls or those created by continuous vegetation
MERV 16 air filtration system

Note: These strategies are limited by the many factors that may influence their effectiveness, ranging from local meteorology and topography to human use, maintenance, etc.

Note: For additional suggested strategies to mitigate air pollution exposure see the following resources:

- [Bay Area Air Quality Management District, “Planning Healthy Places”](#)
- [California Air Resources Board, “Strategies to Reduce Air Pollution Exposure near High Volume Roadways: Technical Advisory”](#)
- [U.S. Environmental Protection Agency, “Best Practices for Reducing Near-Road Air Pollution Exposure at Schools”](#)
- [California Governor’s Office of Planning and Research, “General Plan Guidelines”. Chapter 6- Healthy Communities](#)
- [U.S. Environmental Protection Agency “Recommendations for Constructing Roadside Vegetation Barriers to Improve Near-Road Air Quality”](#)
- [Los Angeles County Department of Public Health, “Public Health Recommendations to Minimize the Health Effects of Air Pollution Associated with Development Near Freeways and High-Volume Roads”](#)

Note: In CalEnviroScreen 3.0, a geographic area’s percentile for a given indicator simply tells the percentage of areas with lower values of that indicator. A percentile does not describe the magnitude of the difference between two or more areas. For example, an area ranked in the 30th percentile is not necessarily three times more impacted than an area ranked in the 10th percentile.

** For a spreadsheet showing raw data and calculated percentiles for individual indicators for individual census tracts, download the [CalEnviroScreen 3.0 results](#).*

Section 108. Application Process

- (a) Pursuant to direction of the **Council**, the **Department** shall offer funds through a **NOFA** and applications will be reviewed based on the steps detailed below and illustrated in Figure 6.
- (b) The **Department** will offer optional pre-application consultations as detailed in the **NOFA** in order to provide assistance to applicants regarding minimum threshold eligibility and other program requirements.
- (c) Applications will be made available through the **Department**, and complete applications must be submitted to the **Department** by the deadline detailed in the **NOFA**.
- (d) The highest scoring applications that meet all threshold requirements as determined by the **Department**, based on criteria set forth in these guidelines, shall be recommended to the **Council** for funding as specified in the **NOFA**. The **Council** will make adjustments in this procedure to meet the following objectives:
 - (1) At least fifty (50) percent of **AHSC Program** expenditure for **Projects** benefitting and located in **Disadvantaged Communities**. **Projects' Disadvantaged Community** status are based upon the location of their AHSC funded **Affordable Housing**.
 - (2) At least fifty (50) percent of the annual proceeds appropriated for the **AHSC Program** shall be expended for affordable housing. For the purposes of this set-aside, expenditures related to **Affordable Housing Development** and **Housing-Related Infrastructure Capital Projects** shall count toward this requirement.
 - (3) **Project Area** type targets are as follows:
 - (A) Target thirty five (35) percent of funds available as designated in the **NOFA** to **TOD Project Area** applications.
 - (B) Target thirty five (35) percent of funds available as designated in the **NOFA** to **ICP Project Area** applications.
 - (C) Target ten (10) percent of funds available as designated in the **NOFA** to **RIPA** applications.
 - (D) Remaining twenty (20) percent of available funds may be awarded to any eligible project area type.
 - (i) The **Council** will use discretionary funds to fulfill statutory investment minimums for **Disadvantaged Communities** and affordable housing as detailed in (1) and (2), above. Once these minimums are met, the **Council** will use discretionary funds to ensure a distribution of total AHSC funds that allows for all geographic areas, as defined in (4), below, with competitive applications to receive funds.

(E) To the extent applications received are not sufficient to meet **TOD Project Area, ICP Project Area or RIPA** targets detailed in (A), (B) and (C) above, the **Council** reserves the right to waive these requirements and recommend funding a greater percentage of applications in either of the three identified **Project Area** types. Additionally, the **Council** reserves the right to waive project area targets in order to fulfill investment minimums for **Disadvantaged Communities** and affordable housing as detailed in (1) and (2), above, as well as to ensure a distribution of funds that allow for all geographic areas, as defined in (4), below, with competitive applications to receive funds.

(4) The Council will seek to fund one project, regardless of Project Area type, in each of the eight geographies identified below.

The **Council** strives to achieve a diverse distribution of resources and recognizes that in order to meet the State’s environmental commitments, GHG emissions reductions must be made in all regions of the State. The **Council** will use discretionary funds, as described in (d), above, to ensure a distribution of total AHSC funds that allows for all geographic areas with a competitive application to receive funds.

AHSC defines geographic areas as follows:

Geographic Area	Counties
Sacramento Area	Sacramento, Yolo, Sutter, Yuba, Placer, El Dorado
San Diego Area	San Diego
San Francisco Bay Area	Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma
San Joaquin Valley	Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare
Coastal Southern California	Los Angeles, Orange
Inland Southern California	Riverside, San Bernardino, Imperial
Central Coast	Ventura, Santa Barbara, San Luis Obispo, Monterey, San Benito, Santa Cruz
North State & Sierras	Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, Shasta, Sierra, Siskiyou, Tehama, Trinity, Tuolumne

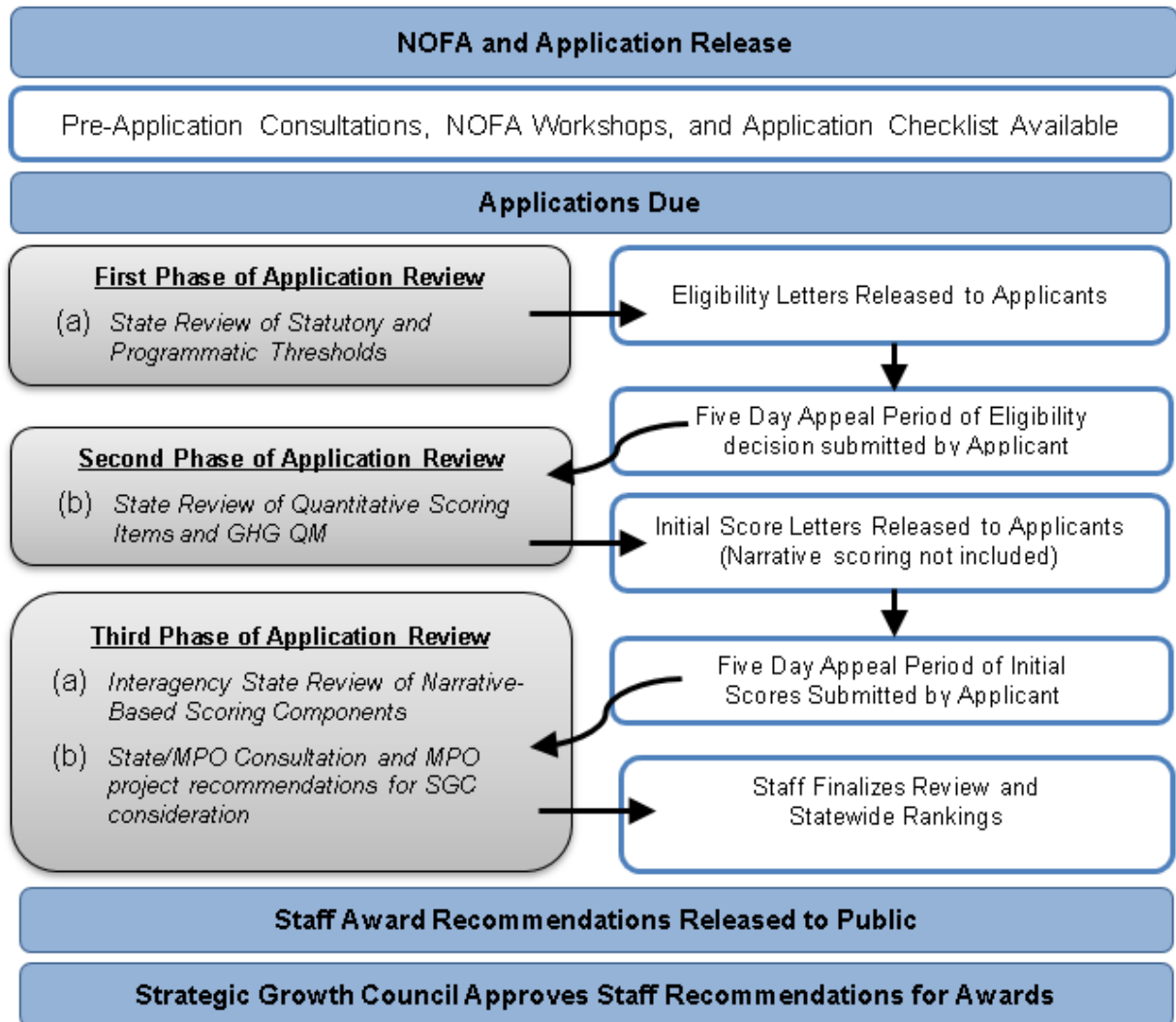
Note: The Council is committed to ensuring access to AHSC funding across the State’s diverse geographic areas. In future rounds, AHSC staff will evaluate all aspects of AHSC scoring, project area classification, and GHG quantification to assess changes needed to account for each region’s

ability to produce competitive AHSC applications relative to their existing conditions.

- (5) Regardless of **Project Area** type, the Council will seek to fund one project, in the tribal funding target, per funding cycle to a **Qualified Tribal Entity**. In order to be considered for the Tribal funding target, a **Qualified Tribal Entity** must be the **Developer** for the **AHD** and/or **HRI** components, or the project partner responsible for **STI** and/or **TRA** components. Projects where the only **Qualified Tribal Entity** is an applicant for **Program Costs** will not be considered for the Tribal funding target. The **Project** must meet the requirements laid out in Appendix B in order to qualify for the Tribal funding target. Unless stated otherwise, the **Project** must meet all AHSC Program requirements. The **Project** will contribute to the relevant **Project Area** type and geographic funding targets. If multiple **Federally Recognized Native American Tribes** apply for **Projects**, the Council will apply the scoring criteria from these Guidelines to rank the **Projects** such that the top-ranked **Project** will be awarded under the Council's Tribal target and the remaining **Project(s)** will compete in their respective **Project Area** types. The project funded by this target is not subject to the minimum Total Score of 70 points and minimum GHG Reductions Score that applies to projects described in (6), below.
 - (6)
 - (7) A single **Developer** may be awarded no more than \$60 million per **NOFA** funding cycle, however this limitation may be waived if necessary to meet AHSC statutory funding set-asides.
 - (8) As station area plans for High Speed Rail are implemented, the **Council** may prioritize investments in these areas.
 - (9) The **Department** may elect to not evaluate compliance with some or all threshold requirements for applications that are not within a fundable range.
 - (10) In the event of two or more applications having the same scores, the Council has the discretion to make the final selection regarding these projects to ensure alignment with the objectives set out in these **AHSC Program** Guidelines.
 - (11) Applications recommended for funding and approved by the **Council** are subject to conditions specified by the **Department**. Applicants will receive an official letter of award after funding recommendations are approved by the **Council**.
 - (12) Applications will be treated in accordance with Public Records Act. Certain information, in accordance with the Public Records Act, may be publicly disclosed.
- (e) Metropolitan Planning Agency Role in Application Review

- (1) To support implementation of an applicable SCS and consistency with activities or strategies identified in a regional SCS, or similar planning document that demonstrate a per capita reduction in VMT and GHG, as allowed by SB 862 (Chapter 36, Statutes of 2014), an MPO/region may develop its own process prior to the application due date to identify and recommend applications that have the highest regional priorities based on criteria established by the MPO/region.

Figure 6: AHSC Program Application Review Process



Article III. Legal and Reporting Requirements

Section 109. Legal Documents

- (a) **Rental Affordable Housing Developments:** Upon the award of **AHSC Program** funds to assist a rental **Affordable Housing Development**, the **Department** shall enter into one or more agreements with the applicant, which may be in the form a State of California Standard Agreement (Standard Agreement), which shall commit funds from the **AHSC Program** in an amount sufficient to fund the approved **AHSC Program** loan amount. The agreement or agreements shall contain the following:
- (1) A description of the approved **Affordable Housing Development** and the permitted uses of **AHSC Program** funds;
 - (2) The amount and terms of the **AHSC Program** loan;
 - (3) The regulatory restrictions to be applied to the **Affordable Housing Development** through the **Regulatory Agreement**;
 - (4) Special conditions imposed as part of the **Department's** approval of the **Affordable Housing Development**;
 - (5) Requirements for the execution and the recordation of the agreements and documents required under the **AHSC Program**;
 - (6) Terms and conditions required by federal and state law;
 - (7) Requirements regarding the establishment of escrow accounts for the deposit of documents and the deposit and disbursement of **AHSC Program** loan proceeds;
 - (8) the approved schedule of the **Affordable Housing Development**, including land acquisition if any, commencement and completion of construction or rehabilitation work, and occupancy by eligible households;
 - (9) Terms and conditions for the inspection and monitoring of the **Project** in order to verify compliance with the requirements of the **AHSC Program**;
 - (10) Provisions regarding tenant relocation in accordance with State law;
 - (11) Provisions relating to the placement of a sign on or in the vicinity of, the **Affordable Housing Development** site indicating that the **Council** has provided financing for the **Affordable Housing Development**. The **Council** may also arrange for publicity of the **AHSC Program** loan in its sole discretion;
 - (12) Provisions to ensure that the eligible costs and use of **AHSC Program** funds maintain the required GHG Reduction represented in the application;
 - (13) Other provisions necessary to ensure compliance with the requirements of the **AHSC Program**;

- (14) Description of the conditions constituting breach of the agreement(s) and remedies available to the parties thereto; and
 - (15) Any of the **Department's** standard contractual terms that may be applicable.
- (b) For rental **Affordable Housing Developments**, the **Department** shall enter into a single **Regulatory Agreement** with the applicant for not less than the original term of the loan that shall be recorded against all sites comprising the property of the **Affordable Housing Development** prior to the disbursement of funds. The **Regulatory Agreement** shall include, but not be limited to, the following:
- (1) The number, type and income level of **Restricted Units**;
 - (2) Standards for tenant selection pursuant to 25 **CCR** 8305;
 - (3) Provisions regulating the terms of the rental agreement pursuant to 25 **CCR** 8307;
 - (4) Provisions related to a Rent Schedule, including initial rent levels for **Restricted Units** and non-Restricted Units pursuant to subsections (a) and (b) of **MHP Guidelines** Section 7312;
 - (5) Conditions and procedures for permitting rent increases pursuant to **MHP Guidelines** Section 7312;
 - (6) Provisions for limitations on Distributions pursuant to 25 **CCR** 8314 and on developer fees pursuant to 25 **CCR** 8312;
 - (7) Provisions regarding the deposit and withdrawal of funds to and from reserve accounts in accordance with 25 **CCR** 8308 and 8309;
 - (8) Assurances that the **Affordable Housing Development** will be maintained in a safe and sanitary condition in compliance with state and local housing codes and the management plan, pursuant to **MHP Guidelines** Section 7324;
 - (9) Description of the conditions constituting breach of the **Regulatory Agreement** and remedies available to the parties thereto;
 - (10) Provisions governing use and operation of non-Restricted Units and common areas to the extent necessary to ensure compliance with AHSC Program requirements;
 - (11) Special conditions of loan approval imposed by the **Department**;
 - (12) "Program Operations," **MHP Guidelines** Sections 7321 through 7326, shall apply to rental **Affordable Housing Developments** assisted by the **AHSC Program**; and
 - (13) Other provisions necessary to assure compliance with the requirements of the **AHSC Program**.

- (c) All **AHSC Program** loans for assistance to rental **Affordable Housing Developments** shall be evidenced by a promissory note payable to the **Department** in the principal amount of the loan and stating the terms of the loan consistent with the requirements of the **AHSC Program**. The note shall be secured by a deed of trust on the **Affordable Housing Development** property naming the **Department** as beneficiary or by other security acceptable to the **Department**; this deed of trust or other security shall be recorded junior only to such liens, encumbrances and other matters of record approved by the Department and shall secure the **Department's** financial interest in the **Affordable Housing Development** and the performance of applicant's **AHSC Program** obligations.
- (d) Grants shall be governed by a Standard Agreement or other agreement with the **Recipient** in a form prescribed by the **Department**. The agreement shall ensure that the provisions of these Guidelines are applicable to the **Project** covered by the agreement and enforceable by the **Department**. The agreement will contain such other provisions as the **Department** determines are necessary to meet the requirements and goals of the **AHSC Program**, including but not limited to the following:
- (1) A description and sources and uses of the approved **Project** and the permitted uses of **AHSC Program** funds;
 - (2) Provisions governing the amount, terms and conditions of the **AHSC Program** grant;
 - (3) Provisions governing the construction work and, as applicable, the acquisition and preparation of the site of the **Capital Project**, and the manner, timing and conditions of the disbursement of grant funds;
 - (4) A schedule for completion of the **Project** and a series of milestones for progress toward **Project** completion together with the remedies available to the **Department** in the event of the failure to meet such milestones;
 - (5) Provisions for the payment of prevailing wages if and as required by state or federal law;
 - (6) Requirements for periodic reports from the **Recipient** on the construction and use of the **Project** and provisions for monitoring of the **Project** by the **Department**;
 - (7) The **Recipient's** responsibilities for the development of the approved **Project**, including, but not limited to, construction management, maintaining of files, accounts and other records, and report requirements;
 - (8) Provisions relating to the development, construction, affordability and occupancy of the **Affordable Housing Development** supported by the **Housing-Related Infrastructure Capital Project**, if applicable;

- (9) Provisions relating to the placement on, or in the vicinity of, the **Project** site, a sign indicating that the **Council** has provided financing for the **Project**. The **Council** may also arrange for publicity of the grant in its sole discretion;
- (10) Remedies available to the **Department** in the event of a violation, breach or default of the Standard Agreement;
- (11) Requirements that the **Recipient** permit the **Department** or its designated agents and employees the right to inspect the **Project** and all books, records and documents maintained by the **Recipient** in connection with the **AHSC Program** grant or loan or both;
- (12) Special conditions imposed as part of **Department** approval of the project;
- (13) Terms and conditions required by federal or state law;
- (14) Provisions to ensure that the **Project** maintains the required **GHG Reduction** as represented in the application; and
- (15) Other provisions necessary to ensure compliance with the requirements of the **AHSC Program**.

Section 110. Reporting Requirements

- (a) During the term of the Standard Agreement and according to the annual deadline identified in the Standard Agreement, the **Recipient** shall submit, upon request of the **Department** and the **Council**, an annual performance report that demonstrates satisfaction of all reporting requirements pursuant to the **AHSC Program** reporting requirements identified in the Standard Agreement. Recipient shall also submit the reports required by **MHP Guidelines** Sections 7325 and 7326 and any additional reporting requirements developed by the **Department**, the **Council** or **ARB**. The reports will be filed on forms provided by the **Department**.
- (b) **Recipient** is responsible for meeting the applicable project reporting requirements of CARB's *Funding Guidelines for Agencies that Administer California Climate Investments* as well as CARB's AHSC Program Quantification Methodology and Benefits Calculator Tool. These may include, but are not limited to: **Project** metrics; the duration over which the **Recipient** will track **Project** metrics; frequency of reporting; the format **Recipient** will use to report; **Project** profile information; **Project** benefit information; and information related to **Priority Population** benefits.
- (1) Award recipients are required to submit estimates of jobs supported by their projects using CARB's Jobs Co-Benefit Assessment Methodology within 90 days of award. This methodology will estimate the number of jobs supported by the AHSC investment based upon the **Project's** budget.
 - (2) Consistent with the *2018 Funding Guidelines for Agencies that Administer California Climate Investments*, AHSC funding recipients must track and report the employment outcomes of their projects. Award recipients will be required to conduct **Employment Benefits and Outcomes Reporting** for employment benefits and outcomes created supported by the AHSC investment and all leveraged funding, while accommodating provisions for data privacy. Once funds are disbursed, reporting may occur as frequently as an annual basis. AHSC Program staff will work with applicants to clarify what the jobs reporting process may look like.

Recipients must report on all jobs created as a result of the construction or delivery of the AHSC projects. This includes all jobs created, regardless of their funding source, that are used for delivering project components funded at least in-part by AHSC. The project's total development costs reported in the AHSC Application Workbook contains the scope of the AHSC funded project and all jobs created by it.

Recipients must report annually on all jobs created **from the date the standard agreement is executed** and continues until the following milestones are reached.

- Grant Standard Agreement: all funds are disbursed
- Loan Standard Agreement: project converts to permanent financing

Recipients must specify jobs created by AHSC that employ individuals who live within priority population census tracts or low-income households. To identify individuals who live within priority populations census tracts or in low-income households, refer to the “Read Me” tab of the AHSC Jobs Reporting Template, [posted on SGC AHSC webpage](#).

Recipients must ensure that all subcontractors receiving \$100,000 or more, AHSC funds or otherwise, from the AHSC recipient must report on jobs created by the project. Reporting must be completed using the AHSC_Jobs Reporting Template provided by SGC.

Reporting will be done according to both trade and classification and include the following:

- Job education required*
- Job experience required*
- Job training credentials*
- Number of jobs provided*, **
- Total project work hours*, **
- Average hourly wage*, **
- Total number of workers that completed job training*, **
- Employer paid health insurance provided*
- Paid leave*
- Retirement plan*
- Targeted hiring strategy*

**Please refer to the “Data Dictionary” tab in the AHSC Jobs Reporting Template for a description of each of the reporting categories listed above.*

***Each of these statistics must also be reported according to workers defined as belonging to a **Priority Population**.*

- (3) Consistent with the *2018 Funding Guidelines for Agencies that Administer California Climate Investments*, AHSC funding recipients must report on all outcomes resulting from the AHSC **Projects**. This includes metrics related to **AHD/HRI, STI, and TRA Projects**. **Projects** will be selected for outcomes reporting at the discretion of the **Council**.

Reporting will include the following components and other metrics as requested, for a duration of no more than five (5) years:

- **AHD/HRI Project** metrics:
 - Project operational date
 - Outcome tracking start date
 - Housing unit occupancy rate
 - Income restricted housing unit occupancy rate
 - Mode share of all residents (i.e., transit, bicycling, walking, driving)

- Mode share of Low-income residents
- Residents using transit passes
- Occupancy of commercial space
- **STI** and **TRA** transit **Project** metrics:
 - Average daily ridership of transit
- **STI** active transportation **Project** metrics:
 - Average traffic of bicycle and pedestrian facilities
 - Days of operational per year

(4)

- (c) At any time during the term of the Standard Agreement, the **Department** may perform or cause to be performed a financial audit of any and all phases of the **Recipient's Project**. At the **Department's** request, the **Recipient** shall provide, at its own expense, a financial audit prepared by a certified public accountant. The State of California has the right to review project documents and conduct audits during project implementation and over the project life.

Section 111. Performance Requirements

- (a) **Recipients** shall begin construction of the housing units to be developed in the **Affordable Housing Development** that is a **Capital Project** and the housing designated in the application within the time set forth in the Standard Agreement but not later than November 30, 2024.
 - (1) **Recipients** may request extensions of the performance requirement in Section 111(a) by addressing a letter to SGC's Executive Director explaining the circumstances for why an extension is needed and detailing a plan for meeting the extended performance requirement deadline. At the discretion of SGC's Executive Director, an extension of up to two (2) years may be granted.
- (b) The housing units developed in the **Affordable Housing Development** that is a **Capital Project** and the housing designated in the application must be completed, as evidenced by receipt of a certificate of occupancy, within the period of time set forth in the Standard Agreement, but not later than November 30, 2027.
 - (1) **Recipients** may request extensions of the performance requirement in Section 111(b) by addressing a letter to SGC's Executive Director explaining the circumstances for why an extension is needed and detailing a plan for meeting the extended performance requirement deadline. At the discretion of SGC's Executive Director, an extension of up to two (2) years may be granted.
- (c) **AHSC Program** funds must be disbursed in accordance with deadlines specified in the Standard Agreement, and in no event later than the disbursement deadlines outlined in the **NOFA**.
- (d) **Recipients** may only reapply for **AHSC Program** funds in a subsequent **NOFA** for the same **Project** if the **Recipient** has disbursed at least fifty (50) percent of the funds allocated from prior awards.
- (e) Negative points will be assessed against the Developer on subsequent AHSC applications if the Project does not comply with the dates set in the Standard Agreement for the performance requirements described in Section 111(a) or Section 111(b).

Section 112. Defaults and Cancellations

- (a) In the event of a breach or violation by the **Recipient** of any of the provisions of the Standard Agreement, the **Department** may give written notice to the **Recipient** to cure the breach or violation within a period of not less than 15 days. If the breach or violation is not cured to the satisfaction of the **Department** within the specified time period, the **Department**, at its option, may declare a default under the Standard Agreement and may seek legal remedies for the default including the following:
 - (1) The **Department** may seek, in a court of competent jurisdiction, an order for specific performance of the defaulted obligation or the appointment of a receiver to complete the **Project** in accordance with **AHSC Program** requirements.
 - (2) The **Department** may seek such other remedies as may be available under the relevant agreement or any law.
- (b) The **Department** may cancel funding commitments and Standard Agreements under any of the following conditions:
 - (1) The objectives and requirements of the **AHSC Program** cannot be met by continuing the commitment or Standard Agreement;
 - (2) Construction of the **Capital Project** or implementation of **Program Costs** cannot proceed in a timely fashion in accordance with the timeframes established in the Standard Agreement; or
 - (3) Funding conditions have not been or cannot be fulfilled within required time periods.
- (c) Upon receipt of a notice of intent to cancel the grant from the **Department**, the **Recipient** shall have the right to appeal to the Director of the **Department**.

Section 113. Prevailing Wages

For the purposes of the State Prevailing Wage Law (Labor Code Sections 1720 – 1781), a grant or loan under the **AHSC Program** shall be considered public funding for the construction, rehabilitation, demolition, relocation, preservation, or other physical improvement of the **Capital Project** subject to the provisions of the State Prevailing Wage Law. AHSC Program funding of the **Project** shall not necessarily, in and of itself, be considered public funding of a **Project** unless such funding is considered public funding under the State Prevailing Wage Law. It is not the intent of the **Department** in these regulations to subject **Projects** to the State Prevailing Wage Law by reason of **AHSC Program** funding of the **Project** in those circumstances where such public funding would not otherwise make the **Project** subject to the State Prevailing Wage Law. Although the use of **AHSC Program** funds does not require compliance with federal Davis Bacon wages, other funding sources may require compliance with federal Davis Bacon wages.

Appendix A. Definitions

- (a) “Active Transportation” means infrastructure and non-infrastructure projects that encourage increased use of active modes of transportation, but does not include funding program operations. The project types include but are not limited to:
 - (1) Infrastructure Projects: capital improvements (construction) that will encourage increased use of active modes of transportation, such as biking and walking.
 - (2) Non-infrastructure Projects: education, encouragement and planning activities must encourage increased use of active modes of transportation, such as biking and walking.
- (b) “Active Transportation Program” means non-infrastructure related programs which instill safe pedestrian, bicyclist and motorist behaviors to make safe active transportation possible. Non-infrastructure activities can stand-alone or be conducted with infrastructure projects (fixed facilities or permanent structural changes) to increase effectiveness.
- (c) “Activity Delivery Costs” means staff costs incurred by the Public Agency that are directly related to implementing specific Capital Project and Program Costs. They may include costs such as project document preparation, project underwriting, construction management, inspections, or reporting to the Department.
- (d) “Affordable Housing Development” means a Capital Project that is a Housing Development in which at least 20 percent of the total units are Affordable Units.
- (e) “Affordable Unit” means a housing unit that satisfies all the following criteria:
 - (1) The unit must satisfy one of the following affordability criteria:
 - (A) It is available at an “affordable rent” as that terms is used and defined in Section 50053 of the Health & Safety Code;
 - (B) It is offered at an “affordable housing cost”, as that terms is used and defined in Section 50052.5 of the Health & Safety Code; or
 - (C) It is available at an “affordable rent” or an “affordable housing cost” according to the alternative percentages of income for agency-assisted rental and cooperative housing developments pursuant to Department regulations adopted under Health and Safety Code section 50462(f).
 - (2) For “Affordable Units” that are rental units, they must be subject to a recorded Program covenant ensuring affordability for a duration of at least 55 years. The covenant shall be recorded and remain in first-lien position or prior to any debt recorded against the property wherein the Affordable Unit(s) is located for the full term of the covenant.
 - (3) For “Affordable Units” that are ownership units, they must be sold to and occupied by an income-qualified household, and subject to a recorded

covenant with a duration of at least 30 years that includes either a resale restriction or equity sharing upon resale. The covenant shall be recorded and remain in a first-lien position prior to any debt recorded against the property wherein the Affordable Unit(s) is located for the full term of the covenant.

- (4) For the purposes of this definition, the terms “persons and families of low income” and “area median income” shall have the same meanings as set forth in Health and Safety Code section 50093 and 50093(c).
- (5) The unit must be occupied by a “lower income household” as defined by Health and Safety Code section 50079.5, which includes “very low income households” as defined by Health and Safety Code section 50105 and also includes “extremely low income households” as defined by Health and Safety Code section 50106.
- (f) “AHSC Program” means the program as outlined by these Program Guidelines.
- (g) “Area Median Income” means the most recent applicable county median family income published by the **TCAC**.
- (h) “Assisted Unit” means a unit that is subject to the **Program’s** rent and/or occupancy restrictions as a result of the financial assistance provided by the **Program**, as specified in the **Regulatory Agreement** entered into with the **Department**.
- (i) “Bus Rapid Transit” (BRT) means a rubber-tired form of rapid transit in an integrated system of facilities, equipment, services, and amenities that exceed the speed and reliability of regular bus service. BRT usually includes use of dedicated right-of way, including busways, exclusive lanes, and bypass/queue jumping lanes for buses at congested intersections to reduce vehicle running time and typically includes a combination of the following additional features: (1) center of road alignment, mixed-traffic prohibitive intersection treatments; (2) use of more limited-stop service including express service and skip-stopping; (3) application of Intelligent Transportation Systems (ITS) technology such as signal priority, automatic vehicle location systems, system security, and customer information; (4) platform level boarding and (5) off-board fare collection.
- (j) “Bus Service” means regularly scheduled public transit service operating with limited stops using a fixed route.
- (k) “Capital Project” means a project consisting of the construction, rehabilitation, demolition, relocation, preservation, acquisition, or other physical improvement that is an integral part of, or is necessary for completion of a Project.
- (l) “CCR” means the California Code of Regulations.
- (m) “Context Sensitive Bikeway” means on-street infrastructure for bicycle riding that is appropriately applied based on the traffic volumes and speeds on a specific street, as [recommended by the California Department of Transportation](#) based on guidance from the Federal Highway Administration, American Association of State Highway

and Transportation Officials, and the California Highway Design Manual :

Place Type and Surrounding Land-Use ¹		Posted Speed			
		15-20	25-30	35-45	> 45
Urban Areas & Suburban Main Streets	<2,500	Standard Shoulder or	Standard Shoulder or	Class II or Class IV	
	2,500-5,000	Shared Lane	Shared Lane	Class IV	
	5,000-10,000	Class II or Class IV	Class II or Class IV	Class IV	
	>10,000	Class IV	Class IV	Class IV	
Rural Areas (Developing Corridors)	15-20				
	25-30				
	35-45				
	> 45				
	<2,500	Standard Shoulder (may be designated as a Class III facility) ²			
2,500-5,000					
5,000-10,000					
>10,000					
Rural Main Streets	15-20				
	25-30				
	35-45				
	> 45				
	<2,500	Standard Shoulder or	Class II	Class II	Class I or IV
2,500-5,000	Shared Lane				
5,000-10,000	Class II	Class I, II, or IV		Class I or IV	
>10,000					

- (1) Class I bicycle paths are considered **Context Sensitive Bikeways** at any ADT and posted speed.
 - (2) **Projects** may consider either the design year or post-**Project** implementation conditions for posted speed and ADT.
 - (3) For AHSC scoring purposes, “Rural Main Streets” shall be considered any roadway within one-quarter (1/4) of a mile of federal, state, or county highway within a **Rural Area**.
- (n) “Council” means the California Strategic Growth Council, established pursuant to Public Resources Code Section 75121.
 - (o) “Currently Developed” means that the land in question is altered by paving, construction, and/or land use that would typically have required regulatory permitting to have been initiated.
 - (p) “Deferred Costs” means costs deferred at construction loan closing, including but not limited to: capitalized reserves, loan fees, syndication costs, legal, accounting, audit, consultant fees, and developer fees paid from operating cashflow.
 - (q) “Department” means the Department of Housing and Community Development of the State of California.
 - (r) “Developer” means the entity that the Department and the Council rely upon for experience, site control, and capacity, and which controls either (1) the Affordable Housing Development during development and through occupancy, (2) the Housing-Related Infrastructure during development and through completion, or (3) the Sustainable Transportation Infrastructure and Transit-Related Amenities during development and through operation.
 - (s) “Disadvantaged Community” means a census tract with a score in the top 25 percent or one of the 22 additional census tracts that score in the highest 5 percent of Pollution Burden as identified in California Environmental Protection Agency’s CalEnviroScreen 3.0 tool.

- (t) “Employment Benefit and Outcome Reporting” means submission of data about the jobs and related benefits created by the AHSC Investment as required by the [Funding Guidelines for Agencies Administering California Climate Investments](#).
- (u) “Enforceable Funding Commitment” means permanent commitments, including but not limited to the following:
- (1) Low-income housing tax credit equity contributions (without the necessity of a tax credit reservation letter) and tax-exempt bonds in connection with four (4) and nine (9) percent low-income housing tax credits, AHSC Program funds, will be considered committed in this calculation. The applicant must submit a valuation of their anticipated tax credit equity which documents both the proportion of the **Affordable Housing Development** purchased and assumed tax credit price.
 - (2) Funds conditionally reserved under the following programs shall be accepted as funding commitments: the Department of Housing and Urban Development’s (HUD) Supportive Housing Program (SHP), HOME Investment Partnerships Program (HOME), Community Development Block Grant Program (CDBG), and the California Department of Mental Health’s Mental Health Services Act (MHSA) Program.
 - (3) A land donation in fee for no other consideration that is supported by an appraisal or purchase/sale agreement (“Land Donation”) or a local fee waiver resulting in quantifiable cost savings for the Project where those fees are not otherwise required by federal or state law (“Local Fee Waiver”) may be considered a funding commitment. The value of the Land Donation will be the greater of either the original purchase price or the current appraised value as supported by an independent third party appraisal prepared by a MAI-qualified appraiser within one year of the application deadline. A funding commitment in the form of a Local Fee Waiver must be supported by written documentation from the local Public Agency.
 - (4) Owner equity contributions or developer funds. Such contributions or funds shall not be subsequently substituted with a different funding source or forgone if committed in the application, except that a substitution may be made for up to 50 percent of deferred developer fee. The Department may require the applicant to evidence the availability of the proposed amount of owner equity or developer funds.
 - (5) Funds for transportation projects which are programmed for allocation and expenditure in the applicable capital improvement plan consistent with the terms and timeframes of the Standard Agreement.
- (v) “Energy Efficiency” means managing and restraining the growth in energy consumption.
- (w) “Federally Recognized Native American Tribe” means Native American native tribe, band, nation, pueblo, village or community that the Secretary of the Interior

acknowledges to exist as a Native American tribe, pursuant to the Federally Recognized Native American Tribe List Act of 1994, 25 U.S.C. 479a.

- (x) “Flexible Transit Service” means a form of transit for the public characterized by flexible routing and scheduling of small/medium vehicles operating in shared-ride mode (with at least two passengers) between pick-up and drop-off locations according to passenger needs. Flexible Transit Service includes vanpool, shuttle, paratransit, and feeder bus systems that reduce vehicle miles travelled.
- (y) “Floor Area Ratio” (FAR) means the square footage of the floor area of a building divided by the site square footage, excluding therefrom dedicated streets, sidewalks, parks and open space. The floor area of a building is the sum of the gross area of each floor of the building, excluding mechanical space, cellar space, floor space in open balconies, enclosed parking and elevators or stair bulkheads. Multiplying the FAR by the area of the site produces the minimum amount of floor area required in a building on the lot. For example, on a 10,000 square-foot site in a district with a minimum FAR of 1.5, the floor area of a building must be at least 15,000 square feet.
- (z) “Greenhouse Gas Reduction” (GHG Reduction) means actions designed to reduce emissions of one or all of the following gases: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.
- (aa) “Green Streets” means a sustainable stormwater strategy that meets regulatory compliance and resource protection goals by using a natural systems approach to manage stormwater, reduce flows, improve water quality and enhance watershed health.
- (bb) “High Quality Transit” means a Qualifying Transit line with high frequencies AND permanent infrastructure as follows:
 - (1) Frequency: High Quality Transit must have Peak Period headway frequency on the same route of every 15 minutes or less and service seven days a week. This level of service must have been publicly posted by the provider at some point between January 2020 and the time of application.
 - (2) Permanent Infrastructure: High Quality Transit must operate on a railway or be transit service with Bus Rapid Transit features that either fully or partially operate on a dedicated bus-only lane, or uses High Occupancy Vehicle (HOV) or High Occupancy Toll (HOT) lanes.
- (cc) “Housing Development” means a residential development or the residential portion of a mixed-use development.
- (dd) “Housing-Related Infrastructure” means a capital infrastructure improvement required as a condition of approval of an affordable housing development by a Locality, transit agency or special district such as sewer, water or utility system upgrades, streets, drainage basins, etc.

- (ee) “Infill Site” means a site for which at least three of four sides or 75 percent of the perimeter of the site adjoins parcels that are **Currently Developed** qualified **Urban Uses**. In counting this, perimeters bordering navigable bodies of water and improved parks shall not be included. In order to qualify as an infill site, the site must also be located in an urbanized area meaning that it fulfills one of the following requirements:
- (1) located within an incorporated city according to an official City or County map, OR
 - (2) located within an urbanized area or urban cluster as defined by the [U.S. Census Bureau](#), OR
 - (3) for unincorporated areas outside an urbanized area or urban cluster, the area shall be within a designated urban service area that is designated in the local general plan for urban development and is served by public sewer and water.
- (ff) “Integrated Connectivity Project (ICP) Project Area” means a Project Area which includes at least one (1) Transit Station/Stop with a combination of two or more eligible costs as defined in Section 103.
- (gg) “Intelligent Transportation Systems” means electronics, communications, or information technology, used singly or in combination, to improve the efficiency, accessibility or safety of the surface transportation system.
- (hh) “Key Destinations” means vital community amenities and resources including medical centers, schools, grocery stores, child care centers, pharmacies, public parks, or public libraries. Key Destinations must be operational at the time of application. This definition differs from “Activity Centers” as used in the AHSC Benefits Calculator Tool.
- (ii) “Locality” means a California city, unincorporated area within a county or a city and county.
- (jj) “Lower Income” has the meaning set forth in Health and Safety Code Section 50079.5.
- (kk) “Low-Income Community” means a census tract with either 1) median household incomes at or below 80 percent of the statewide median income, or 2) median household income at or below the threshold designated as low-income by Department of Housing and Community Development’s State Income Limits pursuant to the Health and Safety Code Section 50093.
- (ll) “Low-Income Households” mean individual households with either 1) household incomes at or below 80 percent of the statewide median income, or 2) household incomes at or below the threshold designated as low-income by Department of Housing and Community Development’s State Income Limits adopted pursuant to Health and Safety Code Section 50093.
- (mm) “Mixed Use Development” means a building, combination of buildings, or building complex, designed to functionally and physically integrate non-residential uses such

as retail, commercial, institutional, recreational, or community uses with residential uses, in a complementary manner.

- (nn) “Moderate Income” has the meaning set forth in Health and Safety Code Section 50093.
- (oo) “MHP” shall mean the Multifamily Housing Program authorized and governed by Sections 50675 through 50675.14 of the Health and Safety Code, and the MHP Guidelines dated June 19, 2019.
- (pp) “Natural Infrastructure” means the preservation and/or restoration of ecological systems, or utilization of engineered systems that use ecological processes, to increase resiliency to climate change and/or manage other environmental problems. Some examples relative to AHSC could include street trees and greenspace for water catchment, infiltration and surface cooling; water treatment facilities that utilize ecologically functioning wetlands; flood mitigation systems that utilize the natural floodplain and stable shorelines used in tandem with constructed flood barriers.
- (qq) “Net Density” means the total number of dwelling units per acre of land to be developed for residential or mixed use, excluding allowed deductible areas. Allowed deductible areas are public dedications of land which are for public streets, public sidewalks, public open space, public drainage facilities, and utility easements. Areas that are non-developable due to natural landscape features (ex: steep grade) are allowable deductible areas so long as the size and location of the non-developable area is identified by a licensed surveyor. Non-allowed deductible areas include setbacks, private drives and walkways, general landscaping, common areas and facilities, off street parking, and traditional drainage facilities exclusive to a development project. Mitigations required for development will not be included in the allowed deductible areas.
- (rr) “NOFA” means a Notice of Funding Availability issued by the Department.
- (ss) “Peak Hours” or “Peak Period” means the period with the highest ridership during the entire transit service day as determined by the transit operator. Must include at least one hour during the morning commute hours and one during evening commute hours, Monday through Friday. Each Peak Period cannot be longer than three hours.
- (tt) “Performance measures” means indicators of transit regarding data indicators such as accessibility, mobility choices and ridership.
- (uu) “Priority Population” means residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. See the [Priority Population maps](#) for more information.
- (vv) “Program Cost” means the cost(s) associated with 1) program creation, or 2) expansion of existing programs to serve new populations or offer new program service and implementation.

- (ww) “Program Operator” means the entity that administers the day-to-day operational responsibilities for the program for which the AHSC Program funding is sought.
- (xx) “Project” means the proposed use of funds representing a combination of Capital Projects or Program Costs which are proposed by the applicant to be funded the AHSC Program.
- (yy) “Project Area” means the area encompassing the Transit Station/Stop, housing and Key Destinations.
- (zz) “Public Agency” means a Locality, transit agency, public housing authority or redevelopment successor agency.
- (aaa) “Qualified Tribal Entity” means a **Federally Recognized Native American Tribe**, an eligible entity having co-ownership with a **Federally Recognized Native American Tribe**, or an eligible entity established by a **Federally Recognized Native American Tribe** to undertake Tribal housing or transportation projects.
- (bbb) “Qualifying Transit” means a transit line serving the public that is operated by the following: (1) Directly operated by a public entity; (2) Operated by a public entity via a contract for purchased transportation service with a private or non-profit provider; or (3) Operated by a private or non-profit entity as a grant Recipient or sub-recipient from a public entity. Qualifying Transit for the purpose of the Program includes various forms of fixed transit service (Rail Service and Bus Service) and Flexible Transit Service. A Qualifying Transit line requires service that departs two (2) or more times on the same route during Peak Hours as defined by the transit operator. This level of service must have occurred regularly at some point between January 2020 and the time of application. Flexible Transit service is exempt from these Peak Hours frequency requirements.
- (ccc) “Rail Service” means regularly scheduled public transit service running on rails or railways.
- (ddd) “Recipient” means the eligible applicant receiving a commitment of Program funds.
- (eee) “Regulatory Agreement” means the written agreement between the **Department** and the Sponsor that will be recorded as a lien on the **Affordable Housing Development** to control the use and maintenance of the **Project**, including restricting the rent and occupancy of the **Assisted Units**.
- (fff) “Restricted Units” mean residential units restricted by an enforceable covenant or agreement with the Department or other public agency to occupancy by low- or very low-income households, with affordable rents pursuant to **MHP** Guidelines Section 7312 or affordable housing costs pursuant to the CalHOME Program. Restricted Units must be substantially equivalent in size and number of bedrooms to the balance of units in the Housing Development. Restricted Units may consist of units designated for any housing tenure, rental or owner-occupied, within the Housing Development.

(ggg) “Rural Area” means the definition in Health and Safety Code Section 50199.21.

(hhh) “Rural Innovation Project Area (RIPA)” means a Project Area located within a Rural Area which includes at least one (1) Transit Station/Stop with a combination of two or more eligible costs as defined in Section 103.

(iii) “Safe and Accessible Walkway” means a pedestrian corridor that has the following:

- (1) Continuously-paved, ADA-compliant sidewalks.
- (2) Marked pedestrian crossings at all arterial intersections.
- (3) Attributes which contribute to comfort and safety including, but not limited to, adequate lighting or shade canopy.

(jjj) “Secure Overnight Bicycle Parking” means bicycle parking that is not accessible to the general public, is completely enclosed and protects the bicycle from inclement weather, and allows for the bicycle frame to be secured to the bicycle rack at two points. Examples of Secure Overnight Bicycle Parking include bicycle rooms, bicycle lockers, and bicycle cages.

(kkk) “Site Control” means the applicant or Developer has control of property through one or more of the following:

- (1) Fee title;
- (2) A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit, prior to grant funding, compliance with all program requirements;
- (3) An enforceable option to purchase or lease which shall extend through the anticipated date of the Program award as specified in the NOFA;
- (4) An executed disposition and development agreement, right of way, or irrevocable offer of dedication to a Public Agency;
- (5) An executed encroachment permit for construction of improvements or facilities within the public right of way or on public land;
- (6) An executed agreement with a public agency that gives the applicant exclusive rights to negotiate with the agency for the acquisition of the site; provided that the major terms of the acquisition have been agreed to by all parties;
- (7) A land sales contract or enforceable agreement for acquisition of the property; or
- (8) Other forms of site control that give the Department assurance (equivalent to 1-7 above) that the applicant or Developer will be able to complete the Project

and all housing designated in the application in a timely manner and in accordance with all the requirements of the Program.

- (III) “Smoke Free Housing” means an Affordable Housing Development that implements a policy banning the ignition and burning of tobacco products (including, but not limited to, cigarettes, cigars, pipes, and water pipes or hookahs) in all living units, indoor common areas, and all other interior spaces. The smoke-free policy must also extend to all outdoor areas within 25 feet of occupied buildings on the **AHD** property.
- (mmm) “Substantial Rehabilitation” means a Housing Development with reasonable direct rehabilitation construction contract costs of at least \$35,000 per residential unit. Rehabilitation shall include energy efficiency upgrades per residential units. Rehabilitation projects must fully and efficiently address all of the physical needs of the Project for the term of the project loan and therefore merely meeting the minimum threshold cost amount of \$35,000 per residential unit may not, in and of itself, be sufficient to be considered Substantial Rehabilitation for purposes of the project loan.
- (nnn) “Sustainable Transportation Infrastructure” means capital project(s) that result in the improvement or addition of infrastructure that encourages mode-shift from single occupancy vehicles by enhancing: 1) public transit service, 2) pedestrian networks, or 3) bicycle networks (includes public bike-share programs) as well as operations expenditures that directly support transit expansion, or a return to service levels seen prior to COVID-19 induced service cuts, within the defined Project Area meeting the transit requirements detailed in Section 102 (c) or (d).
- (ooo) “TCAC” means the California Tax Credit Allocation Committee.
- (ppp) “Transit Corridor” means a transportation corridor which meets one of the following criteria: 1) A corridor served by Qualifying Transit; or 2) A corridor served by High Quality Transit that has been the subject of analysis, planning and environmental mitigation, and has been designated for investment within the regional transportation plan of a MPO, RTPA, or within a long range transportation plan of a transit agency.
- (qqq) “Transit Signal Priority (TSP)” means an operational strategy that facilitates the movement of transit vehicles through traffic-signal controlled intersections. Objectives of TSP include meeting on time schedule performance and improved transit travel time efficiency while minimizing impacts to normal traffic operations. TSP is made up of four components: (1) a detection system that lets the TSP system where the vehicle requesting signal priority is located. The detection system communicates with a (2) priority request generator that alerts the traffic control system that the vehicle would like to receive priority. (3) Priority control strategies; and 4) System management software collecting data and generating reports.
- (rrr) “Transit Station/Stop” means a designated location at which the various Qualifying Transit service(s) drop-off and pick-up riders.
- (sss) “Transportation Demand Management” (TDM) means strategies that increase transportation system efficiency by encouraging shifting from single-occupant vehicle

(SOV) trips to non-SOV transportation modes, or shifting SOV trips off peak travel periods. Effective TDM strategies result in reduction of vehicle miles traveled (VMT) by increasing travel options, providing incentives and information to incentivize individuals and employers to modify their travel behavior to support these objectives, and/or by reducing the need to travel or reducing travel distance via location efficient development patterns. TDM strategies encourage travel by transit, bike, walking or in shared vehicles.

- (ttt) "Transportation-Related Amenities" means capital improvements that are publicly accessible and provide supportive amenities to pedestrians, cyclists and transit riders (i.e. bike parking, bus shelter, benches, street trees, etc.) within the defined Project Area meeting the transit requirements detailed in Section 102 (c) or (d).
- (uuu)"Urban Forestry" means the cultivation and management of native or introduced trees and related vegetation in urban areas for their present and potential contribution to the economic, physiological, sociological, and ecological well-being of urban society.
- (vvv) "Urban forest" means those native or introduced trees and related vegetation in the urban and near-urban areas, including, but not limited to urban watersheds, soils and related habitats, street trees, park trees, residential trees, natural riparian habitats, and trees on other private and public properties.
- (www) "Urban Greening" means the incorporation of greenscaped pedestrian and bicycle trail systems, urban street canopy, green alleys, drought tolerant and native species landscaping and landscape restoration, green roofing, community gardens, natural infrastructure and stormwater features into public open spaces. If not abundantly clear, public accessibility must be demonstrated to the satisfaction of Department staff, such as through a recorded instrument, and run for at least 55 years. Public open space must offer reasonable hours of use for the public, such as dawn to dusk. Community gardens do not have to be publicly accessible as long as they are available to residents of the **Affordable Housing Development**.
- (xxx) "Urban Uses" means any residential, commercial, industrial, transit, transportation passenger facility, or retail use, or any combination of those uses. Urban uses do not include lands used for agricultural uses or parcels in excess of 15,000 square feet in size and containing only one single-family residence.
- (yyy) "Very-Low Income" has the meaning set forth in Health and Safety Code Section 50105.
- (zzz) "Water Efficiency" means controlling water at the source through design—both rainfall and storm water runoff through a decentralized system that distributes storm water across a project site in order to replenish groundwater supplies.
- (aaaa) "Zero Emission Vehicle (ZEV)" means battery electric vehicles, plug-in hybrid electric vehicles, and hydrogen fuel cell vehicles.

Appendix B. Federally Recognized Native American Tribe Eligibility

Federally Recognized Native American Tribes may qualify for AHSC funds if their **Project** meets the following requirements:

- (a) Projects are located on one of the following lands:
 - (1) Tribal Trust Lands. Real property that is held in trust by the United States Government for the benefit of a **Federally Recognized Native American Tribe**;
 - (2) Individual Trust Lands. Real property that is held in trust by the United States Government for the benefit of an individual member of a **Federally Recognized Native American Tribe**;
 - (3) Tribal Fee Restricted Lands. Fee lands that are owned by or under the control of a **Federally Recognized Native American Tribe** that are subject to a United States Government restriction that the land continue to be owned by or remain under the control of a **Federally Recognized Native American Tribe** or member or members thereof;
 - (4) Individual Fee Restricted Lands. Fee lands that were conveyed by the United States Government as individual allotments to member or members of a **Federally Recognized Native American Tribe**, regardless as to whether the property is now under common ownership among several members of that same **Federally Recognized Native American Tribe**;
 - (5) Tribally-Owned Unrestricted Lands. Fee lands that are owned by or under the control of a **Federally Recognized Native American Tribe** that are not subject to a United States Government restriction that the land continue to be owned by or remain under the control of a **Federally Recognized Native American Tribe** or member or members thereof;

AND;

- (b) The applicant meets the following requirements as a condition of award funding as set forth in a Standard Agreement, but not as a condition to engage in the competitive award process:
 - (1) BIA Consent. Applicants shall obtain Bureau of Indian Affairs consent to applicant's execution and recordation (as applicable) of all Department-required documents that are subject to 25 CFR sec. 152.34 or 25 CFR sec. 162.12, all prior to award disbursement. This requirement shall not apply to projects that are within subdivision (i)(5) of this Section.
 - (2) Personal Jurisdiction for Tribal Applicants. For applicants that are **Federally Recognized Native American Tribes** or Tribal controlled entities, all such applicants shall provide and execute a limited waiver of sovereign immunity agreeing to the personal jurisdictions of state court.

- (3) Subject Matter Jurisdiction for Restricted Tribal Lands. For applicants proposing projects that are to be within property described in sub-divisions (i)(1), (i)(2), (i)(3), and (i)(4), all such applicants shall cause the subject Native American Tribe to provide and execute a limited waiver of sovereign immunity satisfactory to the Department, agreeing to the subject matter jurisdiction of state court.
- (4) Title Insurance Requirements. Applicants shall provide title insurance for the property underlying the **Project** satisfactory to the Department. Notwithstanding the foregoing sentence, upon a showing of good cause, for Applicants unable to provide a conventional title insurance policy satisfactory to the Department, all such Applicants shall demonstrate to the satisfaction of the Department that they hold title to the property pursuant to a title condition report issued by the BIA Land Title and Records Office, and pursuant to a title opinion letter issued for the benefit of the Department but paid for by the Applicant.
- (5) Recordation Requirements. Where recordation of instruments are required by the Department, the subject instrument shall be deemed sufficiently recorded if recorded with the Land Titles and Records Office at the BIA or if the subject instruments are recorded in the County recording system having jurisdiction over the property.
- (6) Fee Security Required. For all Projects, except those falling within subdivision (i)(1) and (ii)(2), fee security shall be required, unless the terms allowing leasehold security are satisfied as set forth in Title 25 CCR 8316. If a Department loan/grant is recorded on fee land then there must be a restriction preventing that land being put into trust until the Department loan/grant term is complete.
- (7) Minimum Requirements for Sovereign Immunity Waivers. Sovereign immunity waiver language shall be included in the Department Standard Agreement, and all Department regulatory and loan or grant agreements, all of which may be accomplished by incorporating by reference a separately executed sovereign immunity waiver instrument. The Applicant shall also provide or obtain a separate limited waiver of sovereign immunity instruments for both personal and subject matter jurisdictions which shall require, at a minimum, compliance with State construction standards and regulations.

Appendix C. Awardee Publicity Guidelines

AHSC award **Recipients** are required to acknowledge SGC, HCD, and California Climate Investments (CCI) in all publications, websites, signage, invitations, and other media-related and public-outreach products related to the AHSC Project. Guidance on CCI logo usage, signage, and logo files contained in the Style Guide are available at: www.caclimateinvestments.ca.gov/logo-graphics-request. SGC and HCD staff will provide their respective logo files and guidance on their usage directly to **Recipients**.

- (a) Long-form written materials, such as reports, must include the following standard language about SGC, HCD, AHSC, and CCI:
- (1) “The Affordable Housing and Sustainable Communities (AHSC) Program builds healthier communities and protects the environment by increasing the supply of affordable places to live near jobs, stores, transit, and other daily needs. This program is administered by Strategic Growth Council (SGC), which coordinates the activities of State agencies and partners with stakeholders to promote sustainability, economic prosperity, and quality of life for all Californians (www.sgc.ca.gov) and implemented by the Department of Housing and Community Development (HCD).

The AHSC Program is part of CCI, a statewide program that puts billions of Cap-and-Trade dollars to work reducing GHG emissions, strengthening the economy, and improving public health and the environment – particularly in disadvantaged communities. The Cap-and-Trade program also creates a financial incentive for industries to invest in clean technologies and develop innovative ways to reduce pollution. California Climate Investments projects include affordable housing, renewable energy, public transportation, zero-emission vehicles, environmental restoration, more sustainable agriculture, recycling, and much more. At least 35 percent of these investments are located within and benefiting residents of disadvantaged communities, low-income communities, and low-income households across California. www.caclimateinvestments.ca.gov.”

- (b) Any informational materials that do not qualify as long-form, but that include at least a paragraph of text, such as press releases, media advisories, short case studies, some flyers, etc., should include the following language:
- (1) Long version: “[Project Name] is supported by California Strategic Growth Council’s Affordable Housing and Sustainable Communities program with funds from [California Climate Investments](http://www.caclimateinvestments.ca.gov), a statewide initiative that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment – particularly in disadvantaged communities.”
 - (2) Short version: “[Project Name] is supported by California Strategic Growth Council’s Affordable Housing and Sustainable Communities program with funds from [California Climate Investments](http://www.caclimateinvestments.ca.gov)—Cap-and-Trade Dollars at Work.”

- (c) **Recipients** may at times produce promotional materials that are primarily visual in nature, such as banners, signage, certain flyers, and sharable images for social media. In such cases, when including the boilerplate language acknowledging CCI and SGC support is not practical, grantees should instead include the official logos of both SGC and CCI, preceded by the words “Funded by.”
- (d) AHSC award **Recipients** are required to identify a point of contact for all press inquiries and communications needs related to the project and provide the name, phone number and email address of this individual to SGC. **Recipients** must also distribute a press release after grant decisions are made at SGC’s Public Council Meeting and are encouraged to do so for other major milestones throughout the lifecycle of the grant. All press releases must be approved by SGC Communications Office prior to distribution and SGC must be alerted and invited to participate in any and all press conferences related to the award.
- (e) AHSC **Recipients** are required to prepare one or more two-to-four-page documents that provide a summary of the Project components and tell the story of the AHSC proposal development process and/or implementation. All such materials must be approved by SGC Communications Office prior to distribution. These materials will be displayed on SGC website.
- (f) AHSC Applicants and **Recipients** are encouraged to use social media to share the process of creating an AHSC proposal and to inform the throughout implementation. @CalSGC, @California_HCD, and @CAClimateInvest should be tagged on all posts related to the AHSC grant. Use of the hashtags #AHSC, #AffordableHousing, and #SustainableCommunities is encouraged.