

# Affordable Housing and Sustainable Communities DRAFT Round 9 Guidelines: Summary of Key Changes

## Summary

The California Strategic Growth Council (SGC), California Department of Housing and Community Development (HCD), and California Air Resources Board (CARB) are updating guidelines, supplementary materials, and the AHSC Benefits Calculator for Round 9 of the Affordable Housing and Sustainable Communities (AHSC) program. Materials are available for public review at:

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

This document serves to summarize notable changes made from Round 8 Guidelines to Round 9 Draft Guidelines. Round 9 Draft AHSC Guidelines are open for a 30-day Public Comment period and comments are due by the end of business on Wednesday, December 11, 2024 to the AHSC inbox at [ahsc@sgc.ca.gov](mailto:ahsc@sgc.ca.gov).

The SGC AHSC team will also host [three public workshops](#), one virtual and two in person.

- Statewide (virtual): Thursday, December 5 | 1:00PM – 3:00PM
- Southern California Region (in-person): Monday, December 9 | 9:30AM – 11:30AM | San Bernardino County Transportation Authority - 1170 West Third Street, 2nd Floor San Bernardino, CA 92410
- Northern California Region (in-person): Tuesday, December 10 | 9:30AM – 11:30AM | Grand View Village - 240 E. Miner Avenue Stockton, CA 95202

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

After AHSC staff have reviewed and responded to public feedback on the Draft Guidelines, the Round 9 AHSC Final Guidelines will be released for SGC Council adoption at the February 2025 SGC Council meeting. Following adoption, the Round 9 Application Workbook and Notice of Funding Availability will be released in March 2025 and applications will be accepted for 60 days. Round 8 awards will be announced in Winter 2025.

The following is a list of key changes that are proposed for Round 9 Draft AHSC Guidelines. While there are many changes listed, this document serves as a brief overview of changes, and the Draft and subsequent Final Guidelines should be referred to if there are any concerns or appeals during the application and awards process. Please review the Round 9 AHSC Draft Guidelines for detailed changes, available on the [AHSC Guidelines page](#). If you would like a compared version between Round 8 guidelines to draft Round 9, please email [AHSC@sgc.ca.gov](mailto:AHSC@sgc.ca.gov).

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

## Topics

### Throughout Guidelines

- Formatting changes to reduce lists and tables for legibility.

- **\*Formatting changes to align AHSC and Multifamily Housing Program (MHP) guidelines.** Section numbers have changed significantly throughout the document.
- Streamlined language, reduced repetition, and made terms consistent throughout guidelines.

### AHSC General Overview

- Section 100: Added language to explain AHSC's affiliation with the California Climate Investments (CCI) and the Greenhouse Gas Reduction Fund (GGRF).
- Figure 1 General Program Overview: Removed Figure 1 from guidelines. Published as separate document.
- Section 100.1: Added new section to identify Uniform Multifamily Regulations (UMRs) and other authorities incorporated by reference (i.e. [Department policies](#)). Beginning in 2025, limits on Supportive Services Costs paid as Project Operating Expense shall be in accordance with the Department's Supportive Services Costs Memo dated October 7, 2024.
- Section 101: Added a new section that notes definitions are in Appendix A to match MHP.

### Eligible Projects and Applicants

- Section 102(a): Added language to this section to make it more explicit that there can only be one single reference point to identify the project area.
- **\*Section 102(a):** Clarified requirements for STI improvements to On-Demand Transit.
- **\*Section 102(b):** Updated to require at least one Sustainable Transportation Infrastructure (STI) component and one Affordable Housing Development (AHD) and/or Housing Related Infrastructure (HRI) component.
- **\*Section 102(c)(3):** Removed planned transit as qualifying transit for Rural Innovation Project Areas (RIPA) to align eligible projects with the goals of the program. Please note, no project has utilized this exemption in recent rounds.
- Section 102(c): Clarified that Transit-Oriented Development (TOD) and Integrated Connectivity Project (ICP) project areas *cannot* be located in a rural area. If located in a rural area, the project would qualify under the RIPA requirements regardless of transit quality.
- Section 103(a): Clarified that applicant eligibility is dependent on meeting the experience requirement for each project component (i.e. AHD, HRI, STI, PGM) as described in Section 103.
- **\*Section 103(a)(1)(D):** To better align with the Multifamily Housing Program (MHP) guidelines, the term "Sponsor" is introduced and refers to rental AHD developers. Further alignment will continue through the finalization of Round 9 guidelines.

### Assistance Limits, Eligible Use of Funds, and Threshold Items

- Section 103.1: Listed all-electric and broadband service requirements for Affordable Housing Development (AHD) under the requirements for an eligible AHD project (Section 104). The requirements remain the same.
- Section 103.1(f)(7): Clarified requirements for locality applicants' housing element annual progress reports.
- Section 103.1(f)(8): Updated to state that projects cannot be built on Agricultural Land. This is in conjunction with update to the definition of Agricultural land (see Definitions section for detailed explanation of change). An exemption to the FMMP designation may be allowed for

tribal land or land owned by tribes that submit documentation that the project is on an infill site.

- Section 103(f)(10): Ask applicants to disclose *all* claims or actions that the applicant is party to. The Department will then evaluate if it affects or potentially affects the feasibility of the project.
- Section 103.1(g): Removed urban greening and adequate lighting as threshold requirements. Applicants will have the opportunity to expand on their urban greening efforts in their Narrative response.
- Section 103.1(h)(5): Added that all applicants must affirm that other development funding sources are insufficient to cover project development costs.
- **\*Section 104**: Combined Sustainable Transportation Improvements (STI) and Transportation Related Amenities (TRA) costs. All transportation costs are now categorized under STI in an effort to reduce complexity in costs and application workbook.
- Section 104: Moved eligible cost examples (previously compiled in Figure 2) to their respective project type sections.
- Section 104(a)(5)(D): Added First Time Homebuyer Mortgage Assistance Loans as an eligible use of Homeownership AHD grant funds. Experience requirements for this eligible use are outlined in Section 103(a)(6)(A). Working on further alignment between this new eligible cost and CalHome requirements
- Section 104(a)(6)(D): Specified eligible homeownership AHD costs.
- Section 105 – 108: Reformatted the Assistance Terms and Limits section (previously section 104) for clarity and to better align with MHP. The information is now broken out into four new sections: 105 – Cost Limitations, 106 – Funding Terms, 107 – Maximum Loan Amounts, and 108 – Maximum Grant Amounts.
- Sections 107 and 108: Clarified that maximum loan and grant amounts will be included in each NOFA. Overall, award limits are anticipated to stay consistent with Round 8 (\$35 million for AHD/HRI, \$15 million for STI). Staff intends to reduce the minimum request for tribal applicants to \$1 million.

## Scoring Criteria

- Section 111 Quantitative Policy Scoring (QPS): Overall, restructured the subsections to provide clarity. Changes include:
  - Section 111 QPS (a): Renamed Active Transportation and Transit Improvements to Sustainable Transportation Infrastructure. Moved points for Sustainable Transportation Infrastructure requests under this subsection.
  - Section 111 QPS (b)(2): Moved points for projects that provide documentation for high-speed rail, construction of community-identified components, and utilization of publicly-owned land to the Local Efficiency and Local Context section of QPS.
  - Section 111 QPS (b): Moved prohousing points to the Local Efficiency and Local Context section of QPS.
  - Section 111 QPS (c): Combined Funds Committed and Housing Affordability point categories under one QPS section.
- **\*Section 111 QPS (a)(5)**: Added language to allow applicants to double the minimum thresholds for bus strategies to achieve full points in the section.

- Section 111 QPS (a)(5): Removed installation of new at-grade boarding infrastructure as an eligible strategy to achieve points.
- Section 111 QPS: Removed green buildings and renewable energy points from QPS. Applicants will have an opportunity to expand on their green building efforts in the Narrative section.
- Section 111 QPS: Removed points for applications that invest at least \$1,500,000 or 5% AHSC funding into TRA at or along the same block of a transit station/stop.
- Section 111 QPS (b)(1): Changed key destination points from decimals to fractions to better represent how they are scored. Changed “community center” to “community or recreation center”. Clarified some definitions (*see definition section below*).
- Section 111 QPS (b)(2): Updated scoring information for utilizing publicly-owned land.
- Section 111 QPS (b)(2): Aligned scoring language to statute – to receive points, the jurisdiction in which the AHD is located must have a housing element in substantial compliance and be designated prohousing by application due date.
- **\*Section 111 QPS (b)(4)**: Added points to prioritize projects with an AHD located in Priority Populations as identified in the CCI Priority Population 2024 Mapping Tool.
- Section 111 QPS (e): Clarified that all proposals must complete the AHSC Commitment Letter Template to receive points for anti-displacement activities.
- Section 111 QPS (e): Reformatted and streamlined the anti-displacement section.
- Section 111 QPS (e): Added First-time Homebuyer Mortgage Assistance Loans as an activity eligible for points.
- Section 111 QPS (e): Clarified that rental assistance and voucher programs must be for residents of the project area who are not residents of the AHD.
- **\*Section 111 QPS (f)**: Increased points available for Local Workforce Development and Hiring Practices from three to four points. Changed point structure so that applicants receive one point for Strategy A or two points for strategies B, C, or D. Strategy C was also updated to comply with AB680 preference standards.
- **\*Section 111 QPS**: Deleted points for Programs (PGM) in an effort to reduce complexity.
- **\*Section 111 Narrative Based Policy Scoring**: Moved urban greening and green building to the Climate Adaptation and Community Resiliency section of Narrative Based Policy Scoring. This change adds an additional two points to the Climate Adaptation and Community Resiliency section for a total of 20 points available in Narrative Based Policy Scoring.

### Application and Selection Process

- Section 112-113: Reformatted sections to provide clarity as follows: Section 112 – Selection Process and Section 113 – Application Process.
- Section 112(a)(4): Refined DAC selection criteria to reflect statutory requirements.
- Section 112: Clarified that AHD Developer award limits per funding cycle will be established in the NOFA.
- Section 113(b): Added information about state-sponsored technical assistance.
- **\*Section 113(e)**: Clarified that the Department’s Negative Points Policy applies to the applicant and all responsible parties.
- Section 113: Added language from MHP regarding compliance with requests from HCD during application review and post award.

## Legal and Reporting Requirements

- Section 109: Separated out transition reserves information into its own section.
- Section 110: Added new section to compile the state and federal laws, rules, guidelines, and regulations with which applicants must comply. This includes a new Shared Parking Law passed (AB894).
- Section 110(a)(3): Clarified that demonstrating consistency with the State Relocation Assistance Law does not apply to tribes who are exercising their sovereignty on trust land or by utilizing NAHASDA funding.
- Section 114: Updated Section 114 Legal Documents to better align with MHP requirements.
- Section 115(b)-(c): Updated language to reflect reporting requirements of CARB's 2024 Funding Guidelines for Agencies that Administer California Climate Investments.
- **\*Section 115(b)**: Added AB680 Workforce Standards. These standards apply to all projects unless they qualify for an exemption as listed in Section 115(b)(1) (e.g. creating 100% affordable housing units).
- Section 116: Clarified performance deadlines for each component (i.e. AHD, HRI, STI, and PGM).
- Section 117(a): Clarified AHSC project agreement types to which the section applies.
- **\*Appendix B**: Removed requirement for Limited Waiver of Sovereign Immunity. Additional edits to align with MHP requirements.

## Appendices: Definitions

- Removed the following definitions to streamline and align with goals of the program: "Carpool", "Deferred Costs", "Flexible Transit Service", "Green Streets", "Higher Opportunity Areas", and "Intelligent Transportation Systems".
- Added definitions for the following new terms: "Adaptive Reuse", "CalHome Program", "CDLAC", "Commercial Space", "Covenant", "Eligible Household", "Fiscal Integrity", "Homeownership Affordable Housing Development", "Mortgage Assistance Loan", "Operating Income", "Payee", "Rent", "Rental Affordable Housing Development", "Reuse Account", and "Standard Agreement".
- **\*Agricultural Land**: Updated definition to mean "Prime Farmland", "Farmland of Statewide Importance", and "Unique Farmland", as defined in Public Resources Code Section 21060.1(a). The definition previously covered a total of eight categories.
- Context Sensitive Bikeway: Updated definition to include reference to new language in SB 1216, prohibiting sharrows on roads 30 MPH and above. Clarified that applicants must specify which speed and volume management measures are proposed for each Class III bikeway.
- Half Mile Buffer: Updated the definition to clarify that that these communities are identified as "Buffer Low Income Communities" and "Buffer Low Income Household Eligible" in the [Priority Populations Map](#).
- High Quality Transit: Redefined high quality transit headways to 20 minutes or less to align with the updated definition of "Major Transit Stop" in AB 2553.
- Key Destinations: Clarified food bank and medical clinic definitions.
- Mixed Use Development: Clarified that the development includes residential and publicly available non-residential uses.
- **\*Net Density**: Updated to include exception for areas that are non-developable due to natural landscape features.

- **\*On-Demand Transit Service:** Updated “On-Demand Transit Service” to better align AHSC funded transit with the goals of the program.
- **\*Peak Period:** Updated the definition to include set time frames and reduced to two hours (in line with TCAC scoring).
- **\*Qualifying transit:** Modified definition to remove “On-demand Transit Service” as an option for Qualifying Transit. This is to provide clarity for applicants and reviewers. Applicants may still propose improvements to On-Demand Transit.
- Priority Populations: Minor formatting changes.
- Project Area: Clarified how to identify the reference point for a scattered site project.

#### Additional Changes

- CARB will update the AHSC Benefits Calculator Tool and the AHSC User guide to update emission factors, improve its user interface, clarify applicant questions from Round 8, and to respond to SGC’s Round 9 Guideline changes.

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