

Affordable Housing and Sustainable Communities (AHSC)

Round 9 Guidelines: Summary of Key Changes

Summary

The California Strategic Growth Council (SGC or Council), California Department of Housing and Community Development (HCD), and California Air Resources Board (CARB) are updating Guidelines, Notice of Funding Availability (NOFA), Application Workbook, supplementary materials and the AHSC Benefits Calculator for Round 9 of the AHSC program. Materials are available for public review at:

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

This document serves to summarize notable updates from Round 8 Guidelines to Round 9 Guidelines. This document serves as a brief overview of changes, and the final Program Guidelines should be referenced for detailed information. The Round 9 AHSC Program Guidelines will be released along with this document on Feb. 14 and presented to the Council for adoption at the Feb. 26 SGC Council meeting. Meeting details and materials will be available at: <https://sgc.ca.gov/meetings-events/council/>. The Round 9 Notice of Funding Availability (NOFA) will be released in late March 2025, with approximately \$775 million available.

For additional information on the AHSC Program throughout the year, please sign up for the [AHSC Program Announcement List](#). For ease of review, the most impactful changes are highlighted in yellow and have an asterisk (*) symbol preceding it.

Update: Council materials were posted Feb. 14 and re-posted Feb. 24 to update the summary of points (Section 111), ineligible provision in the Homeownership Affordable Housing Development definition (Appendix A), and other minor technical fixes.

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 more consistent terminology throughout the Guidelines.

AHSC General Overview

- Section 100: Added language to explain AHSC's affiliation with the California Climate Investments (CCI) initiative.
- Figure 1 General Program Overview: Removed Figure 1 from Guidelines. Published as separate document.
- Section 100.01: 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 Oct. 7, 2024.

Eligible Projects and Applicants

- *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 in each Project.

- Section 102(c)(1): 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(c)(2): Clarified that Transit-Oriented Development (TOD) and Integrated Connectivity Project (ICP) Project Area's Types *cannot* be located in a rural area. If located in a rural area, the project would qualify under the Rural Innovation Project Areas (RIPA) requirements regardless of transit quality (i.e. Qualifying Transit or High-Quality Transit).
- ***Section 102(c)(2)(C)**: RIPA may use planned transit as Qualifying Transit if for fixed route transit to ensure projects have connection to a transit network. Applicants must also provide explicit documentation for the proposed planned transit.
- ***Section 102(c)(3)**: Clarified requirements for STI improvements. On-Demand Transit must include a pick-up location within the Project Area and improvements to Carshare or Carpool service must reside at the AHD to ensure improvements have a direct and meaningful benefit.
- ***Section 102**: Consolidated AHD capital project requirements from Section 103.1 (Threshold Requirements) and 104 (Eligible Use of Funds) into Section 102 (Eligible Projects). No significant changes to the requirements.
- Section 103: Clarified that applicant eligibility is dependent on meeting the experience requirement for each project component (i.e., AHD, HRI, STI) as described in the section.
- ***Section 103**: To better align with the Multifamily Housing Program (MHP) guidelines, the term "Sponsor" is introduced and refers to rental AHD developers.
- Section 103: Outlined which applicants are eligible for each AHSC component (e.g. Sponsor for Rental AHD or Developer for Homeownership AHD). Applicant eligibility is dependent on their experience.
- ***Section 103(f)(2)**: In alignment with MHP, provided more clarity on how AHD past experience is developed. The proposed AHSC Project size cannot exceed 200 hundred percent of the Sponsor/Developer's largest AHD.

Assistance Limits, Eligible Use of Funds, and Threshold Items

- Section 103.1(f)(4): Updated local land use approval language to align with MHP.
- ***Section 103.1(f)(5)**: Specified Environmental Site Assessment (ESA) reporting requirements (i.e. Phase 1/Phase 2) and specified documents required for rehabilitation projects.
- Section 103.1(f)(7): Updated definition Agricultural Land, see Definitions section for detailed explanation of change. An exemption to the Agricultural Land designation continues to be allowed if the project is on an infill site (as in Round 8).
- Section 103.1(f)(8): Ask applicants to disclose *all* claims or actions that the applicant is party to. The Department will evaluate potential impact on the feasibility of the project.
- Section 103.1(f)(10): Applicants must prove compliance with or exemption from AB 680 standards at the time of application. Standards and exemptions are listed under Section 115(b). See Legal and Reporting Requirements section of this document for more information.
- Section 103.1(g): Removed urban greening and adequate lighting as threshold requirements. Applicants will have the opportunity to describe their urban greening efforts in their Narrative response.
- Section 103.1(g): Removed Housing Element in substantial compliance threshold. Now under Quantitative Policy Scoring, see details in the Section 111 QPS (b)(3) bullet.

- Section 104: Moved eligible cost examples (previously compiled in Figure 2) to their respective project type sections except for AHD examples as eligible costs already captured by references to MHP for rental and CalHome for homeownership.
- Section 104(a): Removed option to fund an AHD that has a combination of rental and homeownership units.
- ***Section 104(b)(1)**: Clarified that eligible costs for HRI capital projects include capital improvements necessary to facilitate the development of the AHD.
- ***Section 104(b)(5)**: Removed 10 percent cap on real property acquisition costs.
- ***Section 104(c)**: Combined Sustainable Transportation Improvements (STI) and Transportation Related Amenities (TRA) costs. All transportation infrastructure costs are now categorized under STI to reduce complexity in costs and application workbook. Also clarified examples in this category.
- 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.
- Section 105: Developer fee limitations for non-tax credit, 4 percent and 9 percent projects outlined in this section.
- Sections 107 and 108: Clarified that maximum loan and grant amounts will be included in the NOFA. Award limits are generally consistent with Round 8 (\$35 million for AHD/HRI, \$15 million for STI). Minimum request for tribal applicants is reduced 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)(3)(B): Moved pro-housing 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. Reinstated level floor boarding (formerly at-grade boarding) as an eligible bus strategy to achieve points.
- ***Section 111 QPS (a)(6)**: In response to public comment, increased dollar and percentage of STI needed to receive points. Applicants will receive 5 points for at least \$9 million or 30 percent of total funding request, or 2 points for at least \$6 million or 20 percent of total funding request.
- Section 111 QPS: Removed green buildings and renewable energy points from QPS. Applicants will

- have an opportunity to describe their green building efforts in the Narrative section.
- Section 111 QPS: Removed points for applications that propose Transit Related Amenities (former term).
- 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): Clarified language around scoring for projects utilizing surplus or exempt surplus land.
- ***Section 111 QPS (b)(3):** Created a tiered scoring structure for Housing Element in substantial compliance and Prohousing Designation points. AHDs located in jurisdictions with a housing element in substantial compliance will be awarded 1 point and AHDs located in jurisdictions with a Prohousing Designation will be awarded 2 points. If a project has an AHD located in a jurisdiction with both, it will receive a total of 3 points.
- ***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](#). Aligned Priority Populations terms in the Guidelines with the CCI Priority Populations tool for clarity.
- ***Section 111 QPS (b)(4)(A):** Under Priority Population points, Projects where a Tribal Entity is the developer of the AHD/HRI or project partner for the STI may receive 5 points.
- Section 111 QPS (c)(2): Removed project based rental assistance from Funds Committed points.
- Section 111 QPS (d): Reformatted and streamlined the Anti-Displacement section. Clarified that all proposals must complete the AHSC Commitment Letter Template to receive points for anti-displacement activities.
- ***Section 111 QPS (d)(1)(A):** Added eligible activity. Homeownership projects where the AHD non-profit Developer or Locality Applicant has implemented a First-time Homebuyer Mortgage Assistance Loan program in the past 4 years are eligible for these points.
- Section 111 QPS (d)(1)(F): 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 (e)(1)(C): Project Labor or Community Workforce Agreements for these points must create High-Quality Jobs as defined by AB 680 and in alignment with requirements.
- ***Section 111 QPS:** Deleted points for Programs (PGM) to reduce application 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 2 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 for consistency with the MHP guidelines structure as follows: Section 112 – Selection Process Criteria and Section 113 – Application Process.
- ***Section 112(a)(3):** Modified the Tribal Entity Goal to provide \$50M of funding for Tribal Entities, which is equivalent to the maximum request available for one project.
- Section 112(a)(4): Refined DAC selection criteria to reflect statutory requirements.
- Section 112(b)(1): 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 as defined in the Negative Points Policy Administrative Notice. Grantees for the purposes of AHSC include recipient, payee, sponsor, developer and applicant.
- Section 113: Added language from MHP regarding compliance with requests from HCD during application review and post award.

Legal and Reporting Requirements

- Section 110: Added new section to compile the state and federal laws, rules, guidelines and regulations with which applicants must comply.
- 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 Native American Housing Assistance and Self-Determination Act funding.
- Section 114: Updated Section 114 Legal Documents to better align with MHP requirements.
- Section 114(c)(3): Updated deadline for covenant execution to no later than construction closing.
- Section 115(b)-(c): Updated language to reflect reporting requirements of CARB’s 2024 Funding Guidelines for Agencies that Administer CCI. Updated reference from Benefit Criteria Table to updated tool titled Priority Population Benefit Assessment Tool.
- ***Section 115(b)**: Added AB 680 Workforce Standards. These standards apply to all projects unless they qualify for an exemption as listed in Section 115(b)(1). To meet the 100 percent affordability exemption, one of the exemptions, all units (except manager units) must be at or below 120 percent AMI and have a 55-year covenant.
- ***Section 116**: Clarified performance deadlines for each component (i.e. AHD, HRI, STI and PGM). Updated AHSC extension approval designee – now under purview of the SGC AHSC Program Manager.
- 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: “Deferred Costs”, “Flexible Transit Service”, “Green Streets”, “Half Mile Buffer Communities”, “Higher Opportunity Areas”, “Intelligent Transportation Systems” and “Mortgage Assistance Loan”.
- Added definitions for the following new terms: “Adaptive Reuse”, “CalHome Program”, “Commercial Space”, “Covenant”, “Extremely-Low Income”, “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 the following 5 categories: “Prime Farmland”, “Farmland of Statewide Importance”, “Unique Farmland”, “Farmland of Local Importance” and “Grazing Land” to align with Government (GOV) Code 65560. GOV code outlines the designations for farmland for the Farmland Mapping and Monitoring Program (FMMP) tool ([California Important Farmland Finder](#)). 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 or identify

which speed and volume management measures are proposed for each Class III bikeway on the Project Area 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.
- Housing Related Infrastructure: Updated definition to align with change in Section 104(b)(1).
- ***Key Destinations:** Clarified food bank and medical clinic definitions. Added language to allow Tribal projects to include destinations that function similarly to the listed destinations or that serve Tribal specific needs.
- 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 California Tax Credit Allocation Committee (TCAC) scoring).
- Priority Populations: Minor formatting changes.
- Project Area: Clarified how to identify the reference point for a scattered site project.
- TCAC: Updated to refer to the most recent, Dec. 11, 2024 regulations.

Additional Changes and Clarifications

- AHSC staff are updating supplemental materials (i.e., narrative prompts, climate matrix) for clarity and ease of use.
- CARB updated the AHSC Benefits Calculator Tool and AHSC User Guide to update emission factors, improve its user interface, clarify applicant questions from Round 8, and respond to SGC's Round 9 Guideline changes. Set to be published on the [CCI Reporting Tools webpage](#) on Feb. 28.

Changes Reverted to Round 8 Guidelines

- ***Section 103:** Did not add experience requirement for PGM.
- ***Section 104:** Did not pursue adding First Time Homebuyer Mortgage Assistance Loans as an eligible use of Homeownership AHD grant funds. All associated references were removed throughout Guidelines. To execute this activity effectively, additional time is needed for interagency coordination and alignment with CalHome. Staff is exploring reintroducing this change in AHSC Round 10.
- ***Section 103.1(f)(7):** Reinstated the infill exemption to the "Projects must not be built on Agricultural Land" Threshold requirement, meaning that all projects meeting infill definition can be exempt from the Agricultural Land designation. This change is a result of the update to the "Agricultural Land" definition.
- ***Section 111 QPS (e):** Reinstated the Round 8 point structure for Local Workforce Development and Hiring Practices. Each strategy is worth 1.5 points for a total of up to 3 points.
- ***Appendix A: Qualifying Transit:** Reinstated "On-Demand Transit Service" as an eligible option for Qualifying Transit if it serves the AHD specifically and is in service at time of application. Applicants must submit a letter describing how the On-Demand Transit Service will serve the AHD.