

Feb. 26, 2025

Subject: Affordable Housing and Sustainable Communities (AHSC): Round 9 Guidelines

Reporting Period: October 2024 – February 2025

Staff Lead: Jessica Lopez, AHSC Program Manager

Recommended Action

Adopt Round 9 Final Guidelines for the AHSC Program.

Summary

Staff submits the Final Guidelines for Round 9 of the AHSC Program for adoption by the Council. The AHSC Round 9 Final Guidelines, along with a Summary of Key Changes, is included in this Staff Report.

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

Background

About the AHSC Program

The AHSC Program, as part of California Climate Investments (CCI), provides competitive grants and loans to projects that will achieve greenhouse gas (GHG) emission reductions through the development of affordable housing and housing-related infrastructure, active transportation infrastructure, transit operations and capital improvements, and related social programming. Most of the funding provides direct and meaningful benefits within disadvantaged and low-income communities. AHSC is structured to encourage partnerships between local municipalities, transit agencies and affordable housing developers to achieve integrated affordable housing and transportation projects.

Since the program's inception 10 years ago, there have been eight funding rounds with cumulative awards totaling over \$3.8 billion for 200+ projects across the state. The AHSC program has continually received high-quality applications, with usually 40-60% of applications receiving funding, making it a highly attractive program for the affordable housing development community. The program has funded some of the highest GHG-reducing projects and has received high praise as one of the most impactful programs in the CCI portfolio.

Background on the Guideline Process

AHSC staff from the California Strategic Growth Council (SGC) have worked closely with partners from the California Department of Housing and Community Development (HCD) and the California Air Resources Board (CARB) to identify opportunities to update the Guidelines to streamline the application process, align with the Multifamily Housing Program, clarify policies

and incentivize communities to craft innovative projects. Throughout the last year, the team continuously identified issues and clarifications raised by Technical Assistance (TA) providers, key interested parties and previous applicants through AHSC's Question and Answer document, Program survey, non-awarded debrief calls and reviewer panels.

Staff released Draft Guidelines in early November for a 30-day public comment period. AHSC held three public workshops, two tribal-specific office hours and one general office hours with over 175 attendees combined. In conjunction with AHSC's TA team, the program has held nine AHSC 101 and small group presentations to date and continues to meet with potential applicants and stakeholders. The program received over 30 public comment letters, with over 400 action items to consider. Staff has taken significant effort to respond to the comments posed by interested parties while also working to ensure the program meets the State and Council's ambitious goals. The Guidelines streamline and clarify processes and priorities and refine identified priorities to reduce uncertainty between applicants and reviewers alike. Changes to Round 9 Guidelines are highlighted in Attachment B: Round 9 Summary of Key Changes.

Next Steps

Adopt Round 9 Final Guidelines for the Affordable Housing and Sustainable Communities (AHSC) Program as drafted by staff. Following the adoption of the Guidelines, HCD will release the Notice of Funding Availability (NOFA) for approximately \$775 million in funding for Round 9 of the AHSC Program for a 60-day application window. Awards are expected to be presented for adoption in December 2025. Following the Council meeting, staff will inform applicants of their award status in time to plan for Spring deadlines of the California Tax Credit Allocation Committee.

Council Recommendation

Should the Council agree with Staff's recommendation, the following motion language is suggested:

"I move that the Council pass the consent calendar."

Attachments

Attachment A: Final Round 9 Guidelines for the Affordable Housing and Sustainable Communities (AHSC) Program

Attachment B: Summary of Key Changes for Final Round 9 Guidelines for the Affordable Housing and Sustainable Communities (AHSC) Program