CONSENT ITEM

Agenda Item #5a

January 29, 2018

Subject: **FY 2016-17 Affordable Housing & Sustainable Communities Program Guidelines: Technical Amendment**

Reporting Period: December 2017 – January 2018

Staff Lead: AHSC Program Staff

Recommended Action:

Amend sections of the 2016-17 Affordable Housing & Sustainable Communities (AHSC) Program Guidelines to incorporate by reference the updated Uniform Multifamily Regulations (UMRs), which the Department of Housing and Community Development (HCD) recently adopted.

Summary:

This action memorializes changes to the Fiscal Year (FY) 2016-2017 AHSC Program Guidelines.

On November 15, 2017, HCD adopted the Uniform Multifamily Regulations, which make a variety of changes to the underwriting standards for all HCD-funded affordable housing developments. The AHSC Notice of Funding Availability (NOFA) and accompanying application were released on Monday, October 2, 2017. The NOFA provided notice that the Strategic Growth Council was considering amending the Guidelines once the 2017 UMRs were in effect. However, the application was designed utilizing the 2010 UMRs, which were the regulations in effect at the time. The incorporation of requirements from the recently adopted UMRs would have required a re-release of the AHSC Application. In order to avoid placing an unfair burden on applicants without the financial capacity to revisit significant portions of their applications, the AHSC Steering Committee made the decision to delay bringing amended AHSC Program Guidelines to the Strategic Growth Council until after the AHSC application deadline of January 16, 2018.

The minor technical amendments to the AHSC program guidelines described in this staff report would amend the language in Section 104(b)(3), Assistance Terms and Limits, that incorporates the 2010 UMRs into the guidelines. The updated language will instead incorporate the most recently-adopted UMRs, without referring to a specific version or date.

While the 2010 UMRs will still be used to evaluate the applications submitted for FY 2016-2017, this action will allow all awarded AHSC projects from the 16-17 Funding Round to utilize the 2017 UMRs throughout the award and loan closing process. Through the proposed change, the Strategic Growth Council also communicates its intent that the updated Guidelines amendment would apply to all years and all rounds of AHSC funding cycles. The updated language also allows for any future revisions to the UMRs without the need for the Strategic Growth Council to make future changes to the AHSC Program Guidelines. The proposed technical amendment is shown in Attachment A.

Proposed amendments to the 2016-17 AHSC Guidelines are summarized below and included in Attachment A. All changes to the Guidelines are shown in red.

> Unless contradictory to any other provision ~~specifically~~ expressly set forth herein, the currently adopted and applicable Uniform Multifamily Regulations, ~~dated July 10, 2010~~ ("UMRs") as may be amended from time to time, all as set forth in the California Code of Regulations, Title 25, are hereby incorporated by reference in their totality into these Guidelines. Notwithstanding anything to the contrary, this provision is to be interpreted as merely expressive of existing law for the funding made available throughout the AHSC Program for all years and award rounds. ~~The foregoing reference to the UMRs is exclusively as adopted and dated above without reference or incorporation of any subsequent amendment to the UMRs that may occur in the future.~~

AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM

FY 2016-2017 PROGRAM GUIDELINES

July 17, 2017
Technical Amendments: 8/14/17, 10/23/17, and 1/29/2018

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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, Statues 2006) and SB 375 (Chapter 728, Statutes, 2008) 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. Funding for the **AHSC Program** is provided from the Greenhouse Gas Reduction Fund (GGRF), an account established to receive Cap-and-Trade auction proceeds. 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 **Strategic Growth Council (Council)**. The **Department of Housing and Community Development (Department)** will implement the transportation, housing and infrastructure component of the **AHSC Program**. The **Council** staff will coordinate efforts with **Department** staff, working with the **California Air Resources Board (ARB)** 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 **ARB** 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** and **Low-Income Communities.**
- Consistent methodologies for quantifying GHG reductions and other economic, environmental and public health co-benefits.
- Project tracking and reporting.

The **AHSC Program** will provide grants and/or loans to projects that will achieve GHG reductions and benefit **Disadvantaged Communities** and **Low-Income Communities** 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 prototypes have been identified to implement this strategy: 1) Transit Oriented Development (TOD) Project Areas, or 2) Integrated Connectivity Project (ICP) Project Areas, or 3) Rural Innovation Project Areas (RIPA).

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** and **Low-Income Communities**, providing affordable housing, demonstrating project readiness, and meeting other policy considerations.

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	▪ 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**). *Note: Transit requirements based on transit that is operational as of date of application submission. ICP/RIPA projects that would build High Quality Transit will remain eligible as an ICP/RIPA.*		
Project Area Specific Transit Requirements §102	▪ 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 lanes	▪ CANNOT be served by **High Quality Transit** .	▪ CANNOT be served by **High Quality Transit** ▪ MUST be located within a **Rural Area**
Required AHSC Funded Components §102	**AHSC Program** funds MUST be used for **Affordable Housing** (which includes **Affordable Housing Developments** or **Housing Related Infrastructure**) AND at least one (1) other type of **Eligible Capital Project or Program Cost**	**AHSC Program** funds MUST be used for **Sustainable Transportation Infrastructure** AND at least one (1) other type of **Eligible Capital Project or Program Cost**	
Eligible Capital Projects or Program Costs §103	▪ **Affordable Housing Developments** (AHD) ▪ **Housing Related Infrastructure** (HRI) ▪ **Sustainable Transportation Infrastructure** (STI) ▪ **Transportation-Related Amenities** (TRA) ▪ **Programs (PGM)**		
Affordable Housing Development Requirements §103	Affordable Housing Developments may be: ▪ 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 35 percent of available funds to **ICP Project Areas**	Target 10 percent of available funds to **RIPAs**
Project Awards §104	All Project Area Types are subject to the following minimum and maximum award amounts: Maximum: $20 Million Minimum: $1 Million		
Statutory Funding Set-asides §108	▪ 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 benefitting **Disadvantaged Communities** (Public Resources Code § 75214) *Note: A single project can address both set-asides above, and are not mutually exclusive.*		

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 transit and active transportation options.

(a) All applicants will be 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 <u>ALL</u> 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 further than one-half (½) 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:

TOD Project Area REQUIRED COMPONENTS

- Affordable Housing Development
  -or-
- Housing Related Infrastructure
  -or-
- Both Affordable Housing Development and Housing Related Infrastructure

+

At least one of the following:

- Sustainable Transportation Infrastructure
- Transportation-Related Amenities
- Program Costs

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

(1) Include at least one (1) **Transit Station/Stop**;

(2) Be 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:

ICP Project Area REQUIRED COMPONENTS

Sustainable Transportation Infrastructure

+

At least one of the following:

- Affordable Housing Development
- Housing-Related Infrastructure
- Transportation-Related Amenities
- Program Costs

If the **ICP Project Area** application proposes to fund an **Affordable Housing Development** with AHSC Program funds, that housing must be located within a ½ mile of a **Transit Station/Stop.**

(e) **RIPAs** must meet all of 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**
▪ **Affordable Housing Development (AHD)** ▪ **Housing-Related Infrastructure (HRI)** ▪ **Sustainable Transportation Infrastructure (STI)** ▪ **Transportation-Related Amenities (TRA)**
Eligible **Program Costs (PGM)**
▪ Active Transportation Programs ▪ Transit Ridership Programs

Note: Each Capital Project or Program Cost must be unique to that 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 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		
Street furniture (e.g. benches, shade structures, etc.)			X	
Bicycle repair kiosks			X	
Publically accessible bicycle parking			X	

Figure 3 (continued): Eligible Cost Examples	AHD/ HRI	STI	TRA	PGM
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		X		
Station area signage			X	
Pedestrian and bicycle safety education programs				X
Development and publishing of community walking and biking maps, including school route/travel plans				X
Development & 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

*Note: In addition to list above, **Energy Efficiency**, **Water Efficiency, Renewable Energy** and **Urban Greening** improvements are all eligible costs as components of a **Capital Project.***

(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)

Note: 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) 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% 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% and 10 units restricted to 60% 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%
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

(1) 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.

(2) Acquisition and **Substantial Rehabilitation** (including preservation of affordable housing at-risk of conversion to market rate) 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 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 with different ownership entities, within the boundaries of a discrete **Project Area**, as long as the sites are developed together as part of a common development scheme adopted, approved or required by a **Public Agency**; 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 25 CCR Section 7304 (a) and (b).

(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 total **AHSC Program** award.

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

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

(i) Capital improvements required by a **Locality**, transit agency, or special district as a condition to the approval of the **Affordable Housing Development.**

(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 total **AHSC Program** award.

(iii) Required environmental remediation necessary for the capital project where the cost of the remediation does not exceed 50 percent of **AHSC Program** grant funds.

(iv) 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.

(v) 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.

(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 total **AHSC Program** award.

(iii) **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**.

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

(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 total **AHSC Program** award.

(iii) **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**.

(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.

(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

(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 of transportation infrastructure (including transit fleet);

(3) In lieu fees for local inclusionary housing programs;

(4) Ongoing operational costs beyond the term of the grant (3 years) for **Program Costs**; and

(5) All costs associated with automobile or motorcycle parking (excluding electric vehicle charging infrastructure that may be located at a parking spot).

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 $20 million with a minimum award of at least $1 million.

(b) Loans for rental **Affordable Housing Developments**, or the rental portions of a **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** Multifamily Housing (MHP) Program financing as set forth in 25 CCR 7308.

(2) The maximum loan amount shall be calculated pursuant to 25 CCR 7307 based on the number of **Restricted Units** in the **Affordable Housing Development**, affordability, unit sizes, location, and on the base amount for loan calculation as specified in the **AHSC Program NOFA**. For **Affordable Housing Developments** <u>not</u> receiving 9% low-income housing tax credits, $80,000 per **Restricted Unit** may be added to the base amount for loan limit calculation purposes.

(3) Unless contradictory to any other provision expressly set forth herein, the currently adopted and applicable Uniform Multifamily Regulations ("UMRs") as may be amended from time to time, all as set forth in the California Code of Regulations, Title 25, are hereby incorporated by reference in their totality into these Guidelines. Notwithstanding anything to the contrary, this provision is to be interpreted as merely expressive of existing law for the funding made available throughout the AHSC Program for all years and award rounds.

(c) Grants shall be subject to the following terms:

(1) The applicant must demonstrate that the grant does 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 for eligible costs incurred after the execution of the Standard Agreement in the amount not to exceed the **AHSC Program** award of funds.

(3) 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 disbursement.

(4) For **Housing-Related Infrastructure Capital Project** grants:

(A) The total **Housing-Related Infrastructure Capital Project** grant amount is $35,000 per residential unit in the proposed **Affordable Housing Development**, and $50,000 per **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. 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.

(D) 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 total first-time homebuyer grant amount is $50,000 per **Restricted Unit.** 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.

(B) A **Developer** or **Program Operator**.

(C) A Federally recognized **Indian Tribe** whose **Project** meets requirements listed in detail in Appendix B.

(2) Where a **Public Agency** has a real property interest in the proposed **Project**, the application will be required to either 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.

(3) 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 those requirements are 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 and enter into agreements amongst one another as to which shall bear responsibility as to particular portions of the award.

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) It will achieve a reduction in GHG emissions through fewer vehicle miles travelled (VMT), pursuant to the most recent **AHSC Program** Quantification Methodology, located on the California Air Resources Board's Cap-and-Trade Auction Proceeds Quantification Materials webpage (www.arb.ca.gov/cci-quantification).

(2) The proposed **Project** supports 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 allowed by SB 862 (Chapter 36, Statutes of 2014). 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:
- Incorporate more than one **Urban Greening** feature as defined in Appendix A, with dedicated maintenance for at least two years.
- Include adequate lighting in accordance with local, state, or 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 0.90 or greater calculated by the following equation:

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

*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 and if applicable, the National Environmental Policy Act, and all applicable time periods for filing appeals or lawsuits have lapsed.

(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.

(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 such as, 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 TCAC Regulations Section 10322(h)(10) will be accepted by the **Department**.

(11) The applicant or **Developer** of the **Project** must have **Site Control** sufficient to ensure the timely commencement of the **Project** as determined by the **Department**.

(12) Applicants must demonstrate prior experience by providing evidence of at least two prior 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 (10) years preceding the application due date.

(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 (Property) may not be party to or the subject of any claim or action in the state or federal courts. 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.

(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 have been adopted by the jurisdiction's governing body and subsequently determined to be in substantial compliance with State housing element law pursuant to Government Code Section 65585 by the date of the award recommendation. A jurisdiction's current housing element compliance status can be obtained by referencing the **Department's** website at www.hcd.ca.gov.

(18) The applicant must demonstrate that where applicable, climate adaptation measures are integrated into their **Project** as described in Section 107(m).

(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. Thus the **Project** site must not be designated as agricultural land according to the Department of Conservation's Farmland Mapping and Monitoring Program (FMMP) Tool. In order to receive an exception from the FMMP tool designation of agricultural land, a **Project** must provide documentation to demonstrate that the **Project** site qualifies as an **Infill Site** (as defined in Appendix A).

(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 of the following:

(A) Rental **Affordable Housing Developments** must meet the underwriting standards in the Uniform Multifamily Regulations, 25 CCR 8308 through 8316 and the Multifamily Housing Program Regulations, 25 CCR 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) If the application involves demolition or rehabilitation of existing units affordable to lower income households, the replacement **Affordable Housing Development** must include units, comparable in size, with equal or greater affordability, equal to or greater than the number of existing affordable units, except in cases where rehabilitated units provide amenities such as bathrooms and kitchens not present in existing units in which case, the reduction may not result in more than 25 percent fewer units upon project completion. First right of return must be provided to displaced residents.

(i) The above no net loss requirements would apply where an **Affordable Housing Development** or **Housing-Related Infrastructure Capital**

Project is proposed on any property which includes a parcel or any portion of a parcel on which residential dwelling units affordable to lower income households currently exist or where there have been dwelling units restricted to lower-income households which have been vacated or demolished within the 5 year period preceding the application.

(D) Applicants must demonstrate the proposed Affordable Housing Development is consistent with State and Federal Fair Housing requirements including duties to affirmatively further fair housing.

(E) 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 of 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 existing units 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 above no net loss requirements would apply where an **Sustainable Transportation Infrastructure or Transportation-Related Amenities Capital Project** is proposed on any property which includes a parcel or any portion of a parcel on which residential dwelling units affordable to lower income households currently exist or where there have been dwelling units restricted to lower-income households which have been vacated or demolished within the 5 year period preceding the application.

(22) Applications requesting **AHSC Program** funding for **Program Costs** must also demonstrate to the satisfaction of the **Department** all of the following:

(A) The **Program Costs** are infeasible without **AHSC Program** funds, and other committed funds are not being supplanted by **AHSC Program** funds

(b) **Disadvantaged Community** Benefits

In April 2017, 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 new investment requirements for **Low-Income Communities** and **Low-Income Households.** ARB plans to adopt updated Cap-and-Trade Auction Proceeds: Funding Guidelines for Agencies that Administer California Climate Investments (Funding Guidelines) that will provide criteria to evaluate whether or not a project provides a benefit to a **Disadvantaged Community, Low-Income Community,** or **Low-Income Household**. These criteria will be included in the NOFA once the updated Cap-and Trade Auction Proceeds Funding Guidelines are released by ARB.

A **Project** that is located in and provides benefits to a **Disadvantaged Community** or **Low-Income Community** may receive priority for funding in order to meet the **AHSC Program Disadvantaged Community and Low-Income Community** funding requirements. All applicants must evaluate the criteria in the forthcoming figure (to be added as an addendum) and, if applicable, demonstrate in the application how the **Capital Project** or **Program Costs** within the **Project** meets one of the criteria.

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 Quantification Methodology Scoring (30 Points)
2. Quantitative Policy Scoring (55 Points)
3. Narrative-Based Policy Scoring (15 Points)

Applications meeting all threshold requirements as detailed in Section 106 will be reviewed and scored based upon the detailed criteria in all three categories 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% of the total points available (at least 43 of the 85 other available Quantitative and GHG-related points). All of the scoring criteria will be applied to all **Projects**, regardless of the project components present in each specific **Project.**

Figure 5
AHSC Scoring Elements and Criteria

Criteria	Points
GHG Quantification Methodology Scoring	
GHG Efficiency	15
GHG Total	15
Quantitative Policy Scoring	
Active Transportation Improvements	10
Green Buildings and Renewable Energy	10
Housing and Transportation Collaboration	10
Location Efficiency and Access to Destinations	5
Funds Leveraged	5
Programs	3
Anti-Displacement Strategies	5
Local Workforce Development and Hiring Practices	2
Housing Affordability	5
Narrative-Based Policy Scoring	
Collaboration & Planning	6
Community Benefit & Engagement	6
Community Climate Resiliency	3
Total Scoring	**100**

Points will be assigned based on the following:

GHG Quantification Methodology – 30 Points

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

For this section, applications will be scored based on the quantified GHG emission reductions based on: 1) the total **Project** GHG Reduction Score; AND 2) cost efficiency of estimated GHG reductions per AHSC dollar. Each of these scoring methods will represent a maximum of 15 points of the total combined 30 points available under this criterion.

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

(1) For each **Project**, applicants will calculate the estimated GHG reductions using the most recent AHSC GHG Quantification Methodology (CalEEMod and TAC), located on the California Air Resources Board's Cap-and-Trade Auction Proceeds Quantification Materials webpage (www.arb.ca.gov/cci-quantification).

(A) Total **Project** GHG Reduction score will represent the total GHG reduction calculated through the Quantification Methodology, and

(B) Cost efficiency of estimated GHG reductions will be calculated by the following formula:

$$\frac{\textbf{Total Project GHG Reductions}}{\textbf{AHSC \$ Request}}$$

Note: For the purposes of GHG quantification, the project life will vary based on the project type, as specified in Attachment 2 of the GHG Quantification Methodology. In addition, for phased projects, only the current phase (the phase seeking AHSC funding) of a project may be quantified.

(2) All applications will be ranked from highest to lowest for both the total **Project** GHG Reduction score and the Efficiency of Reductions score.

(3) Each application will be assigned to one of 5 bins representing 1/5th of the total number of applications in ranked order with each bin receiving an assigned point score, up to a maximum of 15 points for both (1) total **Project** GHG reduction score and (2) cost efficiency of estimated GHG reductions, as follows:

Bin 1 = 15 points
Bin 2 = 12 points
Bin 3 = 9 points
Bin 4 = 6 points
Bin 5 = 3 points

(4) Bin scores for 1) total **Project** GHG reduction score and 2) cost efficiency of estimated GHG reductions, will be combined to determine final GHG Emissions Reduction criteria score as follows:

Total Project GHG Reductions
Bin 1 = 15 points
Bin 2 = 12 points
Bin 3 = 9 points
Bin 4 = 6 points
Bin 5 = 3 points

+

Efficiency of Reductions
Bin 1 = 15 points
Bin 2 = 12 points
Bin 3 = 9 points
Bin 4 = 6 points
Bin 5 = 3 points

Note: For the purposes of calculating the points used to determine the GHG quantification score for the TOD, ICP, and RIPA set-asides, projects will be binned within their Project Area Type, and therefore will only compete within their project area type for the first 80% of appropriated funding per section 108.

Quantitative Policy Scoring – 55 Points

(b) **Active Transportation Improvements – 10 Points Maximum**

(1) Up to 3 points for the total length (in linear miles) of AHSC funded **Context Sensitive Bikeways** (see definition in Appendix) as follows:

- 3 points for over 2 miles
- 2 points for over half a mile but less than 2 miles
- 1 point for less than half a mile

(2) 1 Point for the identification of **Key Destinations** within the **Project Area** that will be linked to the **Affordable Housing Development** or **Transit Station or Stop** by bikeways funded by AHSC

(3) 1 Point for projects that provide a key bicycle network gap closure. 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 3 points for the total length (in linear miles) of AHSC funded **Safe and Accessible Walkways** (see definition in Appendix) as follows:

- 3 Points for greater than half a mile
- 2 Points for more than an entire block (all 4 sides), but less than half a mile
- 1 Point for an entire block (all 4 sides) of context sensitive walkways

(5) 1 Point for the identification of **Key Destinations** within the **Project Area** that will be linked to the **Affordable Housing Development** or **Transit Station or Stop** by walkways funded by AHSC

(6) 1 Point for projects that provide a key pedestrian network gap closure. 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.

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

(1) Up to 5 points will be awarded for achieving green building status beyond State mandatory green building requirements. Applicants may select from the following green building certification programs.

Residential Construction		
Program	**3 points**	**5 points**
CalGreen	Tier 1	Tier 2
LEED	Silver	Gold
Green Point Rated	100 for New Construction; 95 for Rehabilitation	125 for New Construction; 120 for Rehabilitation
ENERGY STAR	N/A	Certified Home

Non-Residential Construction		
Program	**3 points**	**5 points**
CalGreen	Tier 1	Tier 2
LEED	Silver	Gold

(2) Up to 5 Points will be awarded for achieving energy grid use reductions based on the following:

Level	Points
Energy Producer	2 Points
Zero Net Energy	5 Points

- Energy Producer: At least one-third (or 33%) of the building energy is produced by on site renewable sources.
- Zero Net Energy: Produces as much energy as it consumes over the course of a year, when accounted for at the energy generation source.

(d) **Housing and Transportation Collaboration (10 points)**

(1) Up to 6 Points for applications with an AHSC funds request of at least $1,000,000 for **Affordable Housing Developments** 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
25%	6 Points
15%	4 Points
10%	2 Points

(2) 2 Points for applications which invest at least 5% of total AHSC funds on **Transportation Related Amenities** at a **Transit Station or Stop** within the **Project Area.** Partial credit at 1 Point will be given to projects that invest at least 5% of total AHSC funds on **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**.

(4) 1 Point for **Projects** within environmentally cleared High Speed Rail Station Planning Areas.

(e) **Location Efficiency and Access to Destinations– 5 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. The methodology for the Walkability Index can be found at www.epa.gov/smartgrowth/smart-location-mapping#walkability 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 2 Points will be given for projects that provide a map highlighting the location of the existing and operational services within the Project Area as follows:

- 0.5 Points: Grocery store which meets the CalFresh Program requirements
- 0.5 Points: Medical clinic that accepts Medi-Cal payments
- 0.5 Points: Public elementary, middle or high school
- 0.5 Points: Licensed child care facility

(f) **Funds Leveraged – 5 Points Maximum**

A maximum of 5 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:

- 5 Points: >200%
- 4 Points: 150% to 199%
- 3 Points: 100% to 149%
- 2 Points: 50% to 99%
- 1 Point: 25 to 49%

(g) **Anti-Displacement Strategies – 5 Points Maximum**

(1) Up to 3 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**. Strategies should be selected from this following list:

- Just cause eviction or tenant anti-harassment policies
- Inclusionary zoning ordinances
- Density bonus ordinances that expand on state requirements
- Job-housing linkage fee
- Affordable housing linkage fee
- First right of return ordinance
- Source of income non-discrimination ordinances
- Policies to preserve SRO units and/or mobile home parks
- Condominium Conversion Restrictions
- Required and/or incentives for contributions to local community land trusts
- Land banking programs
- Community benefit zoning and/or other land value recapture strategy
- Affirmative marketing strategies or plans targeting a **Disadvantaged Community or Low-Income Community**
- Residency Preference Plan prioritizing occupancy for **Disadvantaged Community or Low-Income Community residents**
- Providing the sale of discounted transit passes available for low-income individuals who live in the **Project Area** (not just for residence of the **AHD**).

(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**. 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 - 2 Points Maximum**

(1) Up to 2 Points for **Projects** that implement at least one workforce development strategy. Examples of workforce development strategies include:

- Establishing a partnership with a community-based workforce development and job training entities that have a track record of success serving disadvantaged populations and/or have demonstrated a high job placement rate among trainees from disadvantaged communities;
- Partnerships with pre-apprenticeship programs, state certified community conservation corps programs, "earn-while-you-learn" programs, YouthBuild programs, and/or registered apprenticeship programs that lead to industry recognized credentials, certifications and/or references for long term employment;
- Partnerships with local Workforce Investment Board programs serving disadvantaged populations.
- Projects that have developed project labor, community workforce, or high-road agreements with targeted local hire specifications OR that are located in jurisdictions with local hire ordinances that directly apply to the proposed project

Note: These items are not eligible for AHSC funding, but must be incorporated directly into the AHSC project to be eligible for points in this category, such as being involved in the development of the Project or ongoing operation of the Project. 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 the units in the **Affordable Housing Development** to Extremely Low Income (ELI) households. Points will be counted as follows:

% of total units restricted to ELI households	Points
>20%	5 Points
16-20%	4 Points
11-15%	3 Points
5-10%	2 Points
At least 5%	1 Point

(j) **Programs – 3 Points Maximum**

(1) 2 Points will be awarded for applicants that propose an AHSC funded **Eligible Program Use** (excludes Transit Pass programs as required in Section 106(a)(4))

(2) Up to 1 Point will be awarded for applicants that provide documentation showing:
- The **Program Operator**'s prior experience operating similar successful programs (0.5 Points); and/or

- How the **Program Operator** will sustain the program beyond the term of the AHSC standard agreement and funds (0.5 Points).

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% of the Quantitative and GHG QM points. For this section, applicants must include a PDF attachment of a write-up that addresses the following questions and prompts. Please include the bolded headers listed below for each section of the write-up; the questions should not be re-stated in the write-up. The total write-up may not exceed 4 pages, not including required documentation.

(k) Collaboration & Planning- 6 Points Maximum

Collaboration between regional governments, local governments, and various housing and transportation providers is critical in creating a project that ensures connectivity and responds to its contexts. Outline how the proposed project brings together the efforts of local and regional government, as well as housing and transportation agencies. Please address the prompts below in your narrative.

- **Regional Government Involvement:** Describe how the proposed project implements the region's Sustainable Communities' Strategy (SCS) or equivalent regional sustainability plan, and the extent to which the candidate project aligns with regional priorities. If applicable, please also describe collaboration with the local metropolitan planning organization (MPO) or similar regional planning entity.

  Required Documentation: Applicable section or elements of SCS or equivalent regional plan

- **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; 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.

- **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 how housing, transportation, and urban greening infrastructure components of the project are integrated to make a cohesive project.

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

(l) **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.

- **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.

- **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.

Required Documentation: Letter of support from local community-based, grassroots organization describing the community engagement process and how feedback from local residents was incorporated into the project.

(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 increasingly becoming a key part of planning and project implementation decisions.

- **Climate Adaptation:** Consider if the surrounding community is experiencing any specific climate vulnerabilities and how this project aims to address specific concerns. Describe how potential climate impacts are taken into consideration in the design of the proposed project, such as the incorporation of **Natural Infrastructure,** and, if applicable, how the project conforms with the local implementation of SB 379, Government Code section 65302(g)(4),

Note: For tools to help assess climate impacts, please visit _____

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** may 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**.

(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:

(i) Target thirty five (35) percent of funds available as designated in the **NOFA** to **TOD Project Area** applications.

(ii) Target thirty five (35) percent of funds available as designated in the **NOFA** to **ICP Project Area** applications.

(iii) Target ten (10) percent of funds available as designated in the **NOFA** to **RIPA** applications.

(iv) Remaining twenty (20) percent of available funds may be awarded to any eligible project area type.

(v) To the extent applications received are not sufficient to meet **TOD Project Area**, **ICP Project Area or RIPA** targets detailed in (i), (ii) and (iii) 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.

(4) **Project Area** type targets and statutory set-asides detailed in (3) above will be subject to the following process:

(i) Applications for TOD, ICP and RIPA Project Areas will be ranked based on the result of the Estimated GHG Emissions Reductions as stated in Section 107(a) and binned separately by respective **Project Area** types.

(ii) For each application, the resulting score from this initial binning will be added to scores from the quantitative and narrative-based scoring criteria to determine an applicant's total score.

(iii) Total application scores will be ranked within each **Project Area** type (TOD, ICP and RIPA). Applications will be recommended to the Council for award based on the amount of funds available in each **Project Area** type, as detailed in Section 108(d)(3).

(iv) Applications not recommended for funding based on the application of **Project Area** type set-asides will be re-binned based on the Estimated GHG Emissions Reductions using the same methodology outlined in section 107(a) without regard to **Project Area** type.

(v) Each application's resulting GHG Emissions Reductions score will be added to previously determined scores for other project criteria to determine a revised total application score. This revised total application score will be used to allocate the remaining 20 percent of funds available under the NOFA, with specific consideration given to ensure statutory set-asides for Affordable Housing and **Disadvantaged Communities** are met.

(5) Though there are no statutory requirements or specific targets for regional allocation of awards, the **Council** is committed to striving for an equitable distribution of resources. Since it is in the interest of the State to fund a variety of project types and scales in a variety of locations to demonstrate the many ways GHG emissions may be reduced, adjustments may be made in the recommendation and award of funds.

(6) A single **Developer** may receive no more than $40 million per **NOFA** funding cycle, however this limitation may be waived if necessary to meet AHSC statutory funding set-asides.

(7) As station area plans for High Speed Rail are implemented, the **Council** may prioritize investments in these areas.

(8) The **Department** may elect to not evaluate compliance with some or all threshold requirements for applications that are not within a fundable range.

(9) 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.

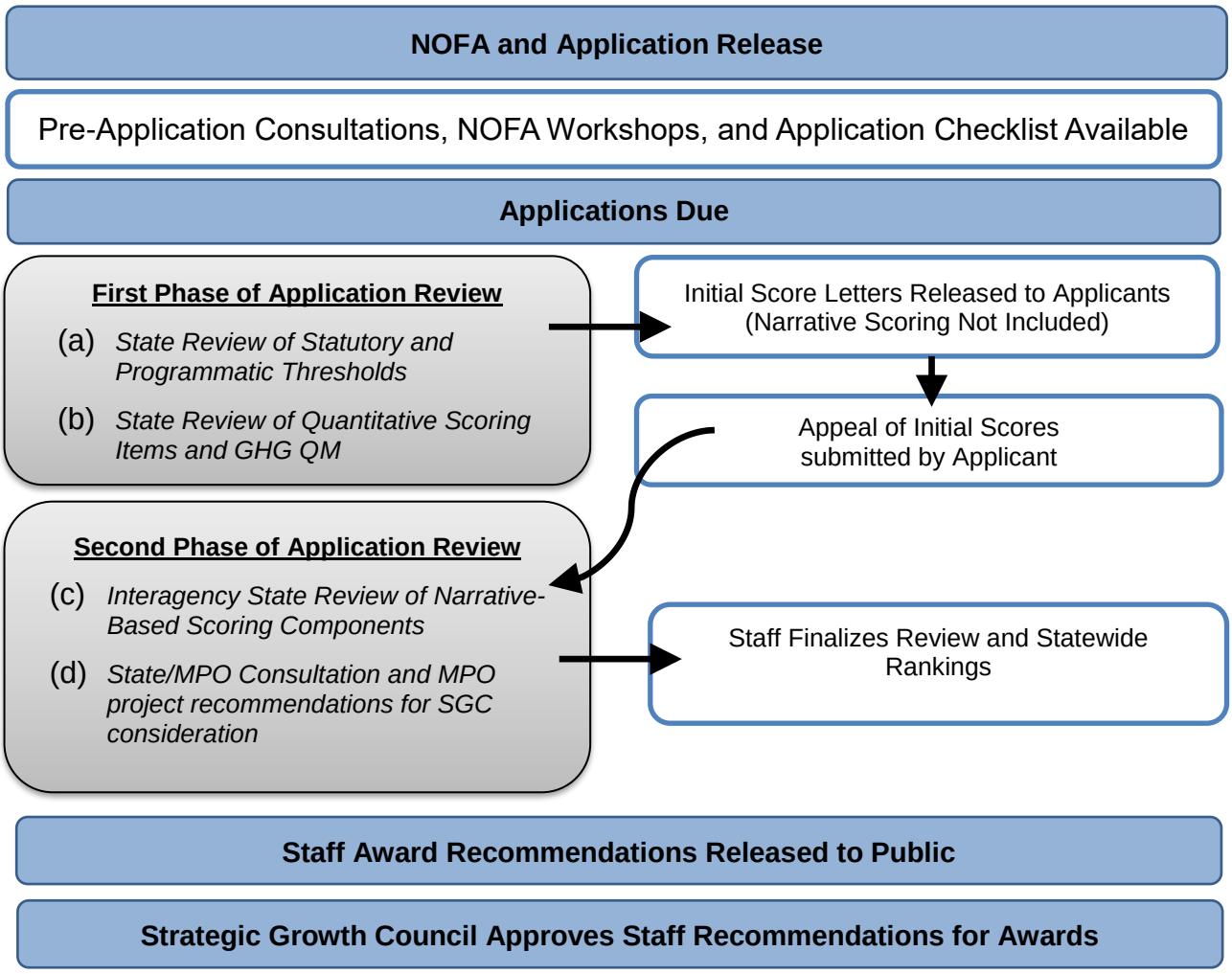
(10) Applications recommended for funding and approved by the **Council** are subject to conditions specified by the **Department**. Applicants will receive an official letter of award after funding recommendations are approved by the **Council.**

(11) 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 Regulatory Agreement with the applicant for not less than the original term of the loan that shall be recorded against 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 25 CCR 7312;
(5) Conditions and procedures for permitting rent increases pursuant to 25 CCR 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 25 CCR 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) Article 4, Subchapter 4, Chapter 7, Division 1 of Title 25, "Program Operations," Sections 25 CCR 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 25 CCR Section 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 also responsible for meeting the applicable project reporting requirements of ARB's *Cap-and-Trade Auction Proceeds Funding Guidelines for Agencies that Administer California Climate Investments* and ARB quantification methodologies. These may include, but are not limited to: **Project** metrics; the duration over which the **Recipient** will track **Project** metrics; how often **Recipient** will report; the format **Recipient** will use to report; **Project** profile information; **Project** benefit information; and information related to **Disadvantaged Community** benefits.

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 more than two (2) years from the date of the **AHSC Program** award.

(b) The housing units to be 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 more than five (5) years from the date of the **AHSC Program** award.

(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.

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.

(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.

(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.

(h) “ARB” means the California Air Resources Board.

(i) “Area Median Income” means the most recent applicable county median family income published by the California Tax Credit Allocation Committee.

(j) “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 off-board fare collection.

(k) “Bus Service” means regularly scheduled public transit service operating with limited stops using a fixed route.

(l) "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.

(m) “CCR” means the California Code of Regulations.

(n) “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 in the California Highway Design Manual as follows:
    a. For off street applications, install a Class I bicycle facility (Bicycle Path).
    b. For streets with speed limits of less than or equal to 25MPH and vehicular average daily trips (ADT) of over 2,000, install Class II bicycle facility (Bike Lanes).
    c. For streets with speed limits of less than or equal to 25MPH and vehicular average daily trips (ADT) of under 2,000, install Class III bicycle facility (Bicycle Route) that functions as a “Bicycle Boulevard”, that is, a route which includes both sharrow markings and traffic control devices aimed at lowering vehicle speed, and which prioritize bicycle through trips for bicycles over vehicles.
    d. For streets with a speed limit greater than 25MPH, install a Class IV bicycle facility (Protected Bike Lanes, or also known as Cycletracks).

(o) “Council” means the California Strategic Growth Council, established pursuant to Public Resources Code Section 75121.

(p) “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.

(q) “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.

(r) “Department” means the Department of Housing and Community Development of the State of California.

(s) “Developer” means the entity responsible for the construction of an Affordable Housing Development, housing-related infrastructure or sustainable transportation infrastructure or transportation related amenity Capital Project.

(t) “Disadvantaged Community” means a census tract with a score in the top 25% or one of the 22 additional census tracts that score in the highest 5% of Pollution Burden in identified in California Environmental Protection Agency’s CalEnviroScreen 3.0 tool.

(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) percent low-income housing tax credits, AHSC Program funds, will be considered committed in this calculation.

(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% 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) "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 and feeder bus systems that reduce vehicle miles travelled.

(x) "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.

(y) "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.

(z) "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.

(x) "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 of every 15 minutes or less and service seven days a week.

(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.

(y) "Housing Development" means a residential development or the residential portion of a mixed-use development.

(z) "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.

(aa) "Indian Tribe" means Indian native tribe, band, nation, pueblo, village or community that the Secretary of the Interior acknowledges to exist as an Indian tribe, pursuant to the Federally Recognized Indian Tribe List Act of 1994, 25 U.S.C. 479a.

(bb) "Infill Site" means a site for which at least 75 percent of the perimeter of the site adjoins parcels that are **Currently Developed** with qualified **Urban Uses**. In calculating this percentage, 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:

a. located within an incorporated city according to an official City or County map, OR
b. located within an urbanized area or urban cluster as defined by the U.S. Census Bureau at http://www.census.gov/2010census/, OR
c. 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.

(cc) "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.

(dd) "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.

(ee) "Key Destinations" means vital community amenities and resources such as medical centers, schools, grocery stores, or child care centers.

(ff) "Locality" means a California city, unincorporated area within a county or a city and county.

(gg) "Lower Income" has the meaning set forth in Health and Safety Code Section 50079.5.

(hh) "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.

(ii) "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.

(jj) “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.

(kk) “Moderate Income” has the meaning set forth in Health and Safety Code Section 50093.

(ll) “MHP” shall mean the Multifamily Housing Program authorized and governed by Sections 50675 through 50675.14 of the Health and Safety Code and the regulations promulgated there under in 25 CCR 7300, *et seq*.

(mm) “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.

(nn) “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. Non-allowed deductible areas include utility easements, 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.

(oo) “NOFA” means a Notice of Funding Availability issued by the Department.

(pp) “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.

(qq) “Performance measures” means indicators of transit regarding data indicators such as accessibility, mobility choices and ridership.

(rr) “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.

(ss) “Program Operator” means the entity that administers the day-to-day operational responsibilities for the program for which the AHSC Program funding is sought.

(tt) “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.

(uu) “Project Area” means the area encompassing the Transit Station/Stop, housing and **Key Destinations.**

(vv) "Public Agency” means a Locality, transit agency, public housing authority or redevelopment successor agency.

(ww) “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 during Peak Hours as defined by the transit operator. Flexible Transit service is exempt from these Peak Hours frequency requirements.

(xx) “Rail Service” means regularly scheduled public transit service running on rails or railways.

(yy) “Recipient” means the eligible applicant receiving a commitment of Program funds.

(zz) “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 25 CCR 7312 of the MHP regulations or affordable housing costs pursuant to the BEGIN Program for at least 55years. 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.

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

(bbb) “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.

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

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

(ddd) "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.

(eee) "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.

(fff) "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.

(ggg) "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.

(hhh) "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) within the defined **Project Area** meeting the transit requirements detailed in Section 102 (c) or (d).

(iii) “TCAC” means the California Tax Credit Allocation Committee.

(jjj) “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.

(kkk) “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.

(lll) “Transit Station/Stop” means a designated location at which the various **Qualifying Transit** service(s) drop-off and pick-up riders.

(mmm) “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.

(nnn) “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).

(ooo) "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.

(ppp) "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.

(qqq) “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.

(rrr) “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.

(sss) “Very-Low Income” has the meaning set forth in Health and Safety Code Section 50105.

(ttt) “Vulnerable Communities” means communities which include, but are not limited to, women, racial or ethnic groups, low-income individuals and families, individuals who are incarcerated and those who have been incarcerated, individuals with disabilities, individuals with mental health conditions, children, youth and young adults, seniors, immigrants and refugees, individuals who are Limited English Proficient (LEP), and lesbian, gay, bisexual, transgender, queer and questioning (LGBTQQ) communities, or combinations of these populations.

(uuu) “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.

Appendix B. Indian Tribe Eligibility

Indian 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 an **Indian 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 an **Indian Tribe**;

(3) Tribal Fee Restricted Lands. Fee lands that are owned by or under the control of an Indian Tribe that are subject to a United States Government restriction that the land continue to be owned by or remain under the control of an **Indian 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 an Indian Tribe, regardless as to whether the property is now under common ownership among several members of that same **Indian Tribe;**

(5) Tribally-Owned Unrestricted Lands. Fee lands that are owned by or under the control of an Indian 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 an Indian Tribe or member or members thereof;

AND;

(b) The applicant meets the following requirement 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 Indian Tribes or Indian Tribe 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 Indian 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 jurisdiction which shall require, at a minimum, compliance with State construction standards and regulations.