

Date: September 8, 2021

Subject: Authorize Executive Director to approve requests for extension to deadlines under Affordable Housing and Sustainable Communities guidelines for Rounds 1 & 2.

Reporting Period: April 2021 – September 2021

Staff Lead: Saharnaz Mirzazad, Deputy Director of Community Investment and Planning

Recommended Action

Approve resolution authorizing the Executive Director to approve requests for extension to deadlines under Round 1 and 2 Affordable Housing and Sustainable Communities guidelines.

Summary

Since the COVID-19 pandemic began in early 2020, multiple AHSC awardees have notified the California Strategic Growth Council (SGC) that awarded projects are not on track to meet their construction start and completion deadlines, as specified in the AHSC guidelines, due to delays and financing challenges brought on by the pandemic. To accommodate awardees and help ensure successful completion of these projects, Staff amended the Affordable Housing and Sustainable Communities Program (AHSC) guidelines for Rounds 3, 4, and 5 to extend project delivery timelines by approximately one year in February 2021.

Recently, it has come to the attention of AHSC staff that some projects awarded in earlier rounds also require accommodation to meet performance requirements and not lose associated funding. In contrast to Round 3, 4, 5, and 6 Guidelines, Round 1 and 2 Guidelines contain no express provision granting authority to the Executive Director to grant extension requests.

The delays reported by AHSC awardees result from a variety of processes including city inspections, curtailed and socially distanced construction workforce, and supply chain issues associated with COVID-19 disruptions. Project partners, including lenders, have expressed concern that if a project misses AHSC deadlines that SGC would withdraw the project's AHSC award, which has compounded delays on some AHSC projects. Extending AHSC project delivery timelines will remove one unexpected barrier to the successful completion of these complex, integrated projects.

Background

AHSC is one of the State's primary affordable housing funding programs with over \$1.2 billion awarded between June 2018 and June 2020. 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.

Council Recommendation

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

"I move to approve the resolution authorizing the Executive Director to approve requests for extension to deadlines under Round 1 and 2 Affordable Housing and Sustainable Communities guidelines."

