

Date: June 28, 2022

Subject: Affordable Housing & Sustainable Communities: Update on Round 7 Guidelines Update Process

Reporting Period: January 2022 – June 2022

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Summary

The California Strategic Growth Council (SGC), California Department of Housing and Community Development (HCD), and California Air Resources Board (CARB) have undertaken a large-scale stakeholder engagement process for updates to the Round 7 Affordable Housing and Sustainable Communities (AHSC) Program Guidelines and the AHSC Greenhouse Gas (GHG) Quantification Methodology and Tool.

Background

In the January 26, 2022 SGC Council Meeting, the Council made a motion to “direct the AHSC team to evaluate scoring and quantification methodologies to reflect regional differences, and report back to the Council, prior to the finalization of the methodology of the next round.” They also requested the AHSC team to return to the Council prior to the Draft Guidelines, to provide an update on the AHSC guidelines revision process. As one step in the process, in late April 2022, the AHSC team released the “AHSC Draft Round 7 Guidelines: Policy Discussion Document” (Attachment B). The document was open for public comment until May 31, 2022. Page 18 of the Policy Discussion Document (Appendix B of Attachment B) provides a summary of the analysis requested by the Council. The analysis also helped inform the development of the Policy Discussion Document.

The “AHSC Draft Round 7 Guidelines: Policy Discussion Response Summary” (Attachment A) describes the engagement completed to date around the Guidelines revision and summarizes public feedback the team has received on the policy topics proposed in the “AHSC Draft Round 7 Guidelines: Policy Discussion Document”. These comments, along with strategic policy direction from the Strategic Growth Council members will inform the development of the Round 7 FY22-23 Draft AHSC Guidelines, planned for release in late summer 2022, and the AHSC GHG Quantification Methodology and Tool. Final Guidelines and Notice of Funding Availability (NOFA) are planned for released in October 2022.

While the public comment period for the Policy Discussion Document is now over, the team will continue to solicit public input, primarily through formal public comment on the Draft (Redline) Guidelines during late Summer 2022 and Final Draft Guidelines in October 2022. These opportunities will be announced via the [AHSC News & Update Announcement List](#).



Next Steps

- Summer 2022: Continued engagement with stakeholders, via listening sessions and meetings
- Late Summer 2022: Draft Round 7 Guidelines published, and 30-day public comment period begins
- Late Summer 2022: Two public workshops to discuss Draft Guidelines
- October 2022: Final Round 7 Guidelines released in advance of the October 27, 2022, SGC Council Meeting with a 10-day comment period.
- October 27, 2022: Final Round 7 Guidelines and NOFA brought to the SGC Council Meeting for approval
- February 2023: AHSC Round 7 Applications Due

Discussion Questions

All Electric Design:

As stated in the Stakeholder Feedback section of Attachment A, making All Electric Design a threshold requirement and redistributing those points in the same section (G2 and G3) drew the most comments of any proposal in the document. While comments were supportive of the intention of the proposal, several letters advocated for a phased in approach, citing its complexity, cost, and labor intensity. It is staff's belief that the inclusion of this category last year, along with the broad discussion of All Electric Design as part of the 2022 update to the California Building Standards Code have provided ample opportunities for engagement on this topic and AHSC should remain ahead of the curve on topics such as these. Additionally, staff recognizes the topic is a priority for the Council, based on the discussion of the topic at the November 2021 SGC Council meeting. Given the concerns stated in the Public Comment Letters received and the Council's stated priorities, staff would like to pose the following question:

Question: Does the SGC Council agree with the staff proposal to require that all AHSC projects incorporate all electric design (G3), or should the program look to phasing in the requirement for Round 8?

California Utility Allowance Calculator (CUAC):

In conversations with our partners at the California Energy Commission (CEC), AHSC staff have discussed requiring that applicants to the AHSC program be required to complete a CUAC assessment and include a CUAC Submittal Report as an attachment to the application. This document would not be used for scoring purposes, and the AHSC program could provide funding for Technical Assistance to complete the CUAC assessment. However, there was significant opposition from the public on this project, due to availability of data at the time of application, and both upfront and ongoing costs. Further, some commenters stated this requirement could be in direct contradiction to HUD requirements. Recognizing these limitations, staff proposes evaluating the applicability of CUAC once the updated tool is released, meaning that the inclusion of the tool will be assessed for Round 8. For Round 7,

though already allowed, staff proposes making the use of the CUAC tool explicitly allowed and encourage applicants to voluntarily submit it. By calling it out as voluntary in the guidelines, staff can better understand under what circumstances applicants are willing to use the tool. AHSC staff believes this is an acceptable compromise for all parties and seeks the approval of this decision from the Council.

Question: Does the SGC council agree with the proposal to delay the inclusion of CUAC until further evaluation is possible using the updated version of the tool and allow applicants to voluntarily submit it for Round 7?

Prohousing:

Given the newness of the State's Prohousing program, there was significant concern that jurisdictions are unlikely to have received certification to allow projects to be eligible for this new category of points. While the legislation requires that the AHSC program provide points for a project in a jurisdiction that has been designated as Prohousing, HCD staff has requested that we award points for projects in jurisdictions that have applied to the Prohousing designation. AHSC staff believes this is an acceptable compromise for all parties and seeks the approval of this decision from the Council.

Question: Does the SGC Council agree with the proposal to award points for projects that have applied for Prohousing designation, instead of only those who have received the designation?

Attachments

Attachment A: AHSC Draft Round 7 Guidelines: Policy Discussion Response Summary

Attachment B: AHSC Draft Round 7 Guidelines: Policy Discussion Document (includes Regional Analysis)

