STAFF REPORT: ADOPTION OF FINAL GUIDELINES FOR 2014-15 AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM

Summary

This report summarizes the Strategic Growth Council's Affordable Housing and Sustainable Communities Program (AHSC Program) and corresponding 2014-15 Final Draft Guidelines document, and provides an overview of public outreach and comments made on previous Guideline drafts and an outline of future outreach and technical assistance efforts related to the AHSC Program.

Recommended Action

Adopt the SGC Affordable Housing and Sustainable Communities Program Guidelines. With Council approval, staff may proceed with the solicitation of projects eligible under guidelines through a competitive process, awarding approximately $120 million in Fiscal Year 2014-15 funding.

BACKGROUND

The Budget Act of 2014 appropriates $130 million from the Greenhouse Gas Reduction Fund (GGRF) for the FY 2014-15 budget to the Strategic Growth Council (SGC, or Council) to develop and administer the Affordable Housing and Sustainable Communities (AHSC) Program. Accompanying legislation, SB 862, apportions 20 percent of the GGRF's proceeds on an annual basis to the AHSC program beginning in FY 2015-16.

The AHSC Program furthers the regulatory purposes of AB 32 and SB 375 by investing in projects that reduce greenhouse gas emissions (GHGs) by creating more compact, infill development patterns, integrating affordable housing, encouraging active transportation and mass transit usage, and protecting agricultural land from sprawl development. These types of projects, described in the AB 32 Scoping Plan, will support ongoing climate objectives and contribute substantial co-benefits by:

- Reducing greenhouse gas emissions and vehicles miles traveled (VMT) by improving mobility options and increasing infill development; or
- Protecting agricultural lands from conversion to other developed uses in order to manage growth within discrete boundaries, and supporting conservation practices that reduce GHG emissions and increase soil carbon sequestration.

Pursuant to SB 862, the Council is required to develop and administer the AHSC Program and to leverage the programmatic and administrative expertise of relevant state agencies and departments in implementing the program. The Council is responsible for the overall administration of the AHSC Program and retains primary authority for the governance of this program and approval of funding awards.

At its July 10, 2014 meeting, the Council approved the Department of Housing and Community Development (HCD) to implement the housing, transportation and infrastructure components of the program, and the California Natural Resources Agency (CNRA) or Department of Conservation (DOC) to implement the agricultural lands protection component. CNRA, with support from DOC, is administering this component, now called the Sustainable Agricultural Lands Conservation (SALC) Program. All references in this Staff Report to the AHSC Program relate directly to the HCD-implemented housing, transportation, and infrastructure component.

INTEGRATION BETWEEN THE AHSC AND THE SALC

The two components of the Council's program – AHSC and SALC – are working in tandem to deliver projects that reduce GHGs. By investing in infill development, improved mobility options, and protecting lands strategically along growth boundaries, these both components work together to reduce GHGs in the aggregate and over time. The programs are administered through cross-agency cooperation, drawing in a wide variety of expertise in order to create programs that deliver multiple benefits.

AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM

The AHSC Program will provide grants and loans for affordable housing, infill and compact transit-oriented development, and infrastructure connecting these projects to transit. Projects funded by the AHSC Program will support reduction of GHG emissions through reduced VMT and increased accessibility of affordable housing, employment centers, and key destinations through fewer or short vehicular trips or mode shift to other transportation options such as transit, bicycling or walking. Two project prototypes have been identified to implement this strategy:

- Transit Oriented Development (TOD) Project Areas, or
- Integrated Connectivity Project (ICP) Project Areas.

Funds will be allocated based on the merits of applications submitted and the proposed use of funds within an identified Project Area. The AHSC Program's threshold requirements and application selection criteria focus on the extent to which developments realize the AHSC Program's objectives of reducing GHG emissions, project readiness, and other policy considerations as required by statute.

Applicable law requires that 50 percent of AHSC funds be utilized to provide housing opportunities for lower income households. The law also requires 50 percent of funds to benefit disadvantaged communities. These two requirements are not mutually exclusive and may be satisfied/overlap in one project.

An interagency State working group developed the AHSC Program guidelines, led by SGC and HCD staff, and with significant contributions from program staff from CalTrans, the California Department of Public Health, the California Air Resources Board (ARB), California Natural Resources Agency, the Governor's Office of Planning and Research, and the California High Speed Rail Authority.

The Final Draft Guidelines (**Attachment 1**), when approved by the Council, shall inform the final Notice of Funding Availability (NOFA) for the AHSC Program, to be released in late January 2015. AHSC Program Guidelines will be revised in future years as needed to reflect any changes to statute, GHG quantification

methodologies, programmatic need, or other administrative changes, as directed by the SGC, ARB, or requested by implementing agencies or departments.

SUMMARY OF CHANGES FROM SEPTEMBER 2014 DRAFT GUIDELINES

Attachment 2 provides a section-by-section overview of major changes between the September 2014 and January 2015 Draft Guidelines documents. Significant changes and additional detail provided include:

Simplified Guidelines providing Clarity in Program Requirements.

Definitions regarding eligible project types, costs, and applicants were clarified. In some cases, categories of eligible costs and applicants were wrapped into other primary categories or areas. In addition, as described further below, the integration of a GHG calculator tool allowed the guidelines to be streamlined by omitting some independent scored criteria that are integrated into the tool's calculations.

Streamlined Scoring Criteria to Reflect Statutory Priorities.

Scoring criteria and values in the January 2015 Draft Guidelines were restructured to emphasize the primary objective of GHG emissions reduction, and reflect other priorities related to project readiness and other policy considerations that are not factored into the GHG emissions calculations, as follows:

- GHG Emissions Reduction: 55 percent of total score
- Project Readiness and Feasibility: 15 percent of total score
- Policy Considerations: 30 percent of total score
  - Housing-Related Issues: Affordability and Displacement
  - Co-Benefits
  - Transportation/Transit Connectivity: Walkability, Bikeability
  - Access to Employment
  - Community Engagement

Refinements to AHSC Program Requirements.

- Minimum project size requirement eliminated, but reflected in GHG calculation/score
- Minimum density requirement reduced to reflect State default density standards
- Elimination of Public Agency requirement of all applications, except where a Public Agency has an interest or stake in the proposed project.
- Award limits on localities and developers waived by State if needed to meet statutory affordable housing or disadvantaged community set-asides
- Clarification on Project Area requirements, including award limits and multi-phased projects
- Increased maximum costs allowed for impact fees from $200,000 to $300,000, not to exceed 15 percent of the total request.
- Increased maximum funds allowed for program uses from 10 percent to 30 percent of total award, up to $500,000.

- Removal of 50 percent match requirement for transportation/transit-related infrastructure
- No net loss of affordable housing units applies to all capital projects
- Anti-displacement criteria applies to all projects
- Other refinements as described in Attachment 2

Greenhouse Gas Quantification Methodology

ARB is responsible for providing a methodology to estimate GHG emissions reductions from all projects funded by the GGRF. An interim methodology for the AHSC Program is provided in the proposed Guidelines. This interim methodology employs currently available tools to estimate the changes in VMT and VMT-related GHG emissions reductions based on the proposed AHSC project's land use and transportation characteristics. Using the interim methodology, the applicant will estimate VMT-related GHG emissions reductions for a proposed project measured against an initial case. The initial case represents the GHG emissions that would have occurred prior to implementing any VMT-reducing project features or reduction measures.

ARB's interim methodology uses components of the California Emissions Estimator Model (CalEEMod)[1], a land use emissions calculator tool designed to quantify GHG emissions and criteria air pollutants associated with land use development projects. The interim methodology will focus on the operational and mitigation components of CalEEMod to address VMT and VMT-related GHG emissions for proposed projects. For projects that serve a larger area or population outside of a defined project site, or contain features not included in CalEEMod, the interim methodology relies on methodologies to quantify VMT reductions originally developed for Congestion Mitigation and Air Quality Improvement (CMAQ) projects. Additional detail can be found in Appendix D in the January 2015 draft Guidelines.

The January 2015 draft Guidelines also describes proposed scaling of application score related to GHG emissions quantification. Using the calculator tools identified by ARB above, 55 percent of the total applicant score will be based on GHG emissions reductions per GGRF dollar requested.

MPO Role and Coordination

SB 862 requires the SGC to "coordinate with the Metropolitan Planning Organizations (MPOs) and other regional agencies to identify and recommend projects within their respective jurisdictions that best reflect the goals and objectives of this program." State agencies and departments, represented by SGC, the California State Transportation Agency, the Business, Consumer Services, and Housing (BCSH) Agency, California Environmental Protection Agency (CalEPA), and HCD have worked with representatives from MPOs to identify a meaningful partnership to support effective implementation of the Program.

The MPO/regional role in the AHSC Program application review process is proposed as follows:

- Concept applications for the respective region will be provided to each MPO

[1] http://www.caleemod.com/

- MPO may review concept applications and inform the SGC of their view of the project's support of the implementation of the applicable SCS.
- Upon receipt of full applications, each MPO will be provided copies of applications for their respective region for review
- If they choose, MPOs may provide project recommendations for SGC consideration for their respective region.
- All MPO recommendations are advisory only.

2014-15 AHSC Program Application Process

Upon Council approval of the Final Draft Guidelines, HCD staff will release the 2014-15 AHSC Program NOFA. The NOFA will include the Concept Proposal application and specific information on application requirements. All applicants must submit a required concept proposal. A list of required elements for concepts is included in the Guidelines (Section 105, p. 20). Concepts will be reviewed and ranked based on ability to meet statutory thresholds and show development readiness based on leveraged funds for the proposed project. Information provided in the full application will be scored based on the criteria noted above, with greater detail required from that of the Concept Proposal.

The 2014-15 AHSC Program application and review process is summarized below.

2014-15 AHSC NOFA Released	**Week of January 26, 2015**
NOFA Workshops and Technical Assistance	**Early February 2015**
Concept Proposal Due to HCD	**February 19, 2015**
Invitation to Select Applicants to Submit Full Application	**March 11, 2015**
Full Application Due to HCD	**April 15, 2015**
Staff Award Recommendations Released	**mid-June 2015**
Council Considers and Approves Staff Recommendations for Awards	**Late June 2015**

TECHNICAL ASSISTANCE FOR PROSPECTIVE APPLICANTS

Staff recognizes short- and long-term technical assistance needs for prospective applicants:

SHORT-TERM TECHNICAL ASSISTANCE

1) **Immediate support for 2014-15 AHSC Program applicants**. Recognizing the tight timeline and newness of the AHSC Program application, HCD and SGC staff are developing a series of NOFA workshops and technical assistance workshops to assist applicants in navigating the process. Dates and locations for NOFA workshops will be provided at the January 20, 2015 SGC meeting.

2) **Specific technical assistance to assist with GHG emissions quantifications needs**. ARB staff will be available to answer applicant questions and provide technical assistance in using the quantification methodology for AHSC applications during the application period. This assistance includes ARB participation in NOFA workshops, and may include other efforts including development of a frequently-asked-questions document as part of this applicant support.

LONG-TERM TECHNICAL ASSISTANCE BEYOND 2015

In this first year of the AHSC Program, SGC recognizes the need to develop local capacity to plan and implement competitive projects which may not be ready to apply for AHSC funding. Technical assistance ranging from grant writing to facilitation of public, private, and nonprofit partnerships are likely needed, particularly in disadvantaged communities and areas with limited investment.

The 2014-15 NOFA workshops, technical assistance for applicants, and the strength of the applications themselves, will provide an indication of the type of assistance needed, and will shape how the SGC supports a dedicated effort to build local capacity in future years. SGC has also identified a number of partnerships with other state agencies, regional governments, local government associations, and private foundations to support the capacity developments needs identified above, and will continue to develop partnerships to address the needs of future applicants.

PUBLIC OUTREACH AND STAKEHOLDER ENGAGEMENT FOR GUIDELINES DEVELOPMENT

The proposed Guidelines were informed by a broad range of public stakeholder input. To encourage this public input, SGC and implementing agencies initiated the following efforts:

- SGC, member agencies, and department staff hosted three public workshops in August 2015 to solicit initial input on the AHSC Program prior to guidelines development. Topics of discussion featured interdisciplinary questions related to affordable housing, transportation, transit, implementation of local and regional priorities, and disadvantaged communities. Approximately 400 members of the public attended these three meetings.
- SGC staff participated in three public workshops in August and September 2014 held by CalEPA and ARB to gather public input on guidance for GGRF programs supporting investments in disadvantaged communities.
- Upon release of the September 2014 Draft Guidelines, SGC, member agencies, and HCD staff hosted

four public workshops to provide an overview of the AHSC Program and address clarifying questions. Over 520 people registered for the workshops, held in Merced, Oakland, Los Angeles (with satellite videoconferencing in Ventura, Orange, Riverside, San Bernardino, Imperial, South Bay, and San Diego), and Sacramento (with public webcast).

- From September 23 to October 31, 2014, the public had the opportunity to comment on the guidelines (see **Attachment 3** for list of those who submitting comments). Over 175 comment letters were received in response to the September 2014 draft Guidelines.
- SGC, member agency, and department staff made over thirty public presentations to stakeholder groups regarding the AHSC program over the past five months.

Workshop agendas, materials, and recordings of the SGC August and October workshops (where available) are located on the SGC website (http://sgc.ca.gov/s_ahscprogram.php). Written comments received by the October 31, 2014 public comment deadline are also posted on this page.

EMPHASIS ON CROSS-SECTOR INTEGRATION

The design of the programmatic Guidelines places a strong emphasis on the integration of multiple cross-sector uses, including active transportation, housing, and public health co-benefits, within each funded project. Affordable and mixed-income housing is especially important within transit-rich communities (such as TODs) where public investments may cause increases in housing prices, thereby displacing core riders of transit to less accessible communities. In addition, research consistently demonstrates that numerous co-benefits are achieved by ensuring a community's residents represent a range of socio-economic and demographic characteristics, including better educational outcomes and improved jobs-housing balance.

The inclusion of affordable housing in a community promotes these goals. SGC staff and Key Staff received comments supporting the inclusion of transportation-only projects as eligible projects, however staff believes that the proposed AHSC Program design is consistent with statutory implementation and will result in a greater impact to GHG reduction than funding single uses in isolation under the program. It is staff's recommendation that this approach be followed during the first year of implementation. The Council may wish to assess the implementation of the AHSC Program and revise future program structure and guidelines based on experiences in this first year.

STAFF REPORT ATTACHMENTS: (Click on the Attachments below to be hyperlinked within the document)

Attachment 1: Final Draft AHSC Program Guidelines for Council Approval
Attachment 2: Summary of Changes: September 2014 and January 2015 Guidelines Comparison
Attachment 3: List of Entities Submitting Public Comments regarding September 2014 Draft Guidelines
Attachment 4: SGC Summary of Proposed Revisions and Updates to 2014-15 AHSC Guidelines – 12/19/14

AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM

PROGRAM GUIDELINES

FUNDED BY

GREENHOUSE GAS REDUCTION FUND

STATE OF CALIFORNIA

STRATEGIC GROWTH COUNCIL

January 9, 2015

Final Draft for Council Adoption

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Defined terms are bolded throughout the document.
Refer to Appendix A for complete definitions of bolded terms.

Affordable Housing and Sustainable Communities Program Guidelines

Article I. General

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, reporting and amendments.

The **Council** will coordinate with **ARB** to develop and incorporate consistent guidance in the following areas, which will apply to all GGRF programs:

- Expenditure records to ensure investments further the goals of AB 32.
- SB 535 (Chapter 830, Statutes 2012) requirements to maximize benefits to **Disadvantaged Communities** and determining whether an investment provides a "benefit to" or "is located within" a **Disadvantaged Community**.
- 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** 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. Two project prototypes have been identified to implement this strategy:

- Transit Oriented Development (TOD) Project Areas, or
- Integrated Connectivity Project (ICP) Project Areas.

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**, providing affordable housing, demonstrating project readiness, and meeting other policy considerations, as reflected in Section 107 of these guidelines.

Figure 1 **AHSC Program Summary**		
Project Area Types	Transit Oriented Development (TOD) Project Area	Integrated Connectivity Project (ICP) Project Area
Transit Requirements (All Project Areas) §102	▪ MUST include **Qualifying Transit**, which means a transit line serving the public that is operated by a public entity (directly or via contract), or operated as a grant recipient (or sub-recipient) from a public entity. ▪ Qualifying Transit includes various forms of **Rail Service**, **Bus Service** and **Flexible Transit Service**. ▪ All Project Areas MUST also include a **Transit Station/Stop,** which is a designated drop-off and pick-up location served by at least one **Qualifying Transit** line departing two or more times during **Peak Hours** (unless it is **Flexible Transit Service**).	
Project Area Specific Transit Requirements §102	▪ MUST be served by **Qualifying High Quality Transit** ▪ Headway frequency of 15 minutes or less during **Peak Hours** ▪ Requires dedicated right-of-way or multiple Bus Rapid Transit (BRT) features	▪ CANNOT be served by **Qualifying High Quality Transit**
Required Components §102	**Project Area** MUST include an **Affordable Housing Development** (funded either through **AHSC Program** funds or other sources). **AHSC Program** funds MUST be used for **Projects** which include an **Affordable Housing Development** OR **Housing-Related Infrastructure Capital Use** AND a **Transportation-Related Infrastructure Capital Project**	**AHSC Program** funds must be used for **Projects** which MUST include at least one (1) **Capital Project** combined with at least one (1) additional **Capital Project**, **Planning or Program Cost**
Eligible Uses §103	**Capital Projects**: ▪ **Affordable Housing Developments** ▪ **Housing-Related Infrastructure** ▪ **Transportation-Related Infrastructure** (includes Active Transportation and Transit-Related Infrastructure) **Planning and Program Costs**: ▪ Pre-Development Costs Related to Project Implementation ▪ Active Transportation Programs ▪ Transit Ridership Programs ▪ **Criteria Air Pollutant** Reduction Programs	
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 §106	No less than 40 percent of available funds will be allocated to **TOD Project Areas**	No less than 30 percent of available funds will be allocated to **ICP Project Areas**
Project Awards §104	Minimum: $1 Million Maximum: $15 Million	Minimum: $500,000 Maximum: $8 Million
Statutory Funding Set-asides §106	▪ 50 percent of the annual proceeds for the **AHSC Program** 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.*	

Article II. Program Requirements

Section 102. Eligible Projects

The **AHSC Program** is designed to implement GHG emissions reductions through fewer or shorter vehicle 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 accessible, reliable, affordable, safe and comfortable 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 **Key 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 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**; or

(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 or route.

(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 two eligible **Project Area** types as defined below:

(1) Transit Oriented Development (TOD) **Project Areas**, and
(2) Integrated Connectivity Project (ICP) **Project Areas**.

A **Transit Oriented Development (TOD) Project Area** must demonstrate VMT reduction through fewer or shorter vehicle trips or mode shift to transit use, bicycling or walking by integrating **Qualifying High Quality Transit** systems and **Key Destinations** including residential/mixed-uses, with an emphasis on affordable housing development and **Disadvantaged Community** benefits within a neighborhood, district or corridor. Examples of TOD typologies are described in Figure 2 below.

An **Integrated Connectivity Project (ICP) Project Area** must demonstrate VMT reduction through fewer or shorter vehicle trips or mode shift to transit use, bicycling or walking within areas lacking **Qualifying High Quality Transit**, with an emphasis on providing **Disadvantaged Community** benefits. Project Areas that include **Qualifying High Quality Transit** are ineligible to apply as an **ICP Project Area.**

Note: Refer to Figure 1 (page 6) for a summary of transit requirements applicable to all Project Areas and TOD or ICP Project Area specific requirements.

TOD and ICP Project Areas must meet the requirements below:

(c) **TOD Project Areas** must demonstrate all of the following:

(1) include at least one (1) **Transit Station/Stop** served by **Qualifying High Quality Transit**;

(2) include an **Affordable Housing Development** located no further than one-half (½) mile from a **Transit Station/Stop** served by **Qualifying 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 two (2) **Capital Projects,** combined as one of the following:

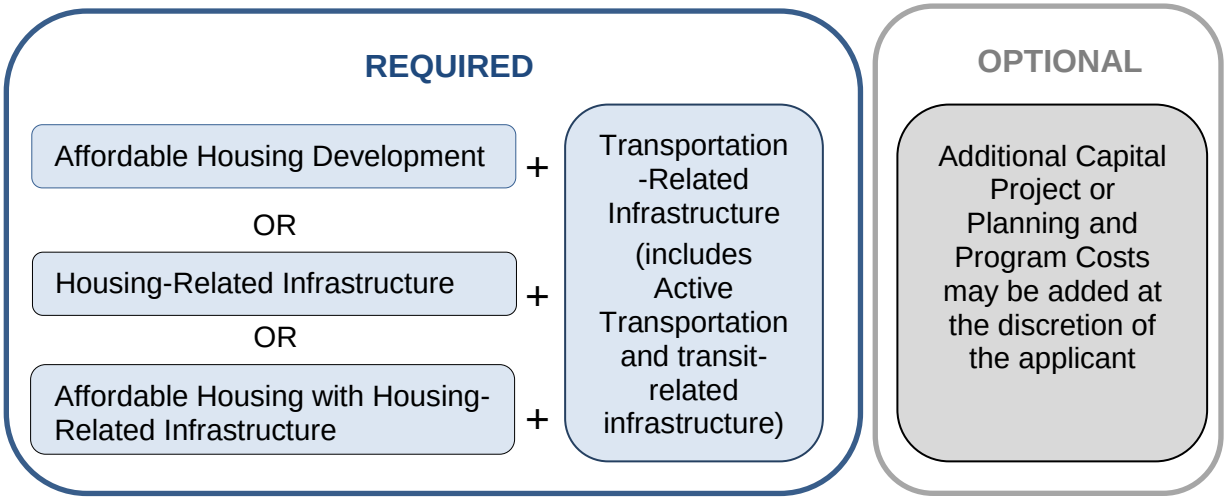
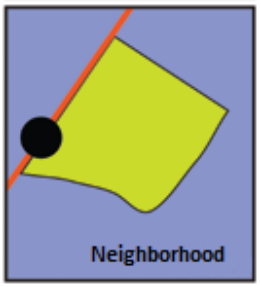
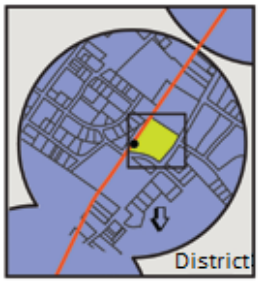
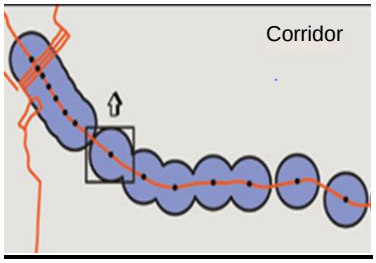


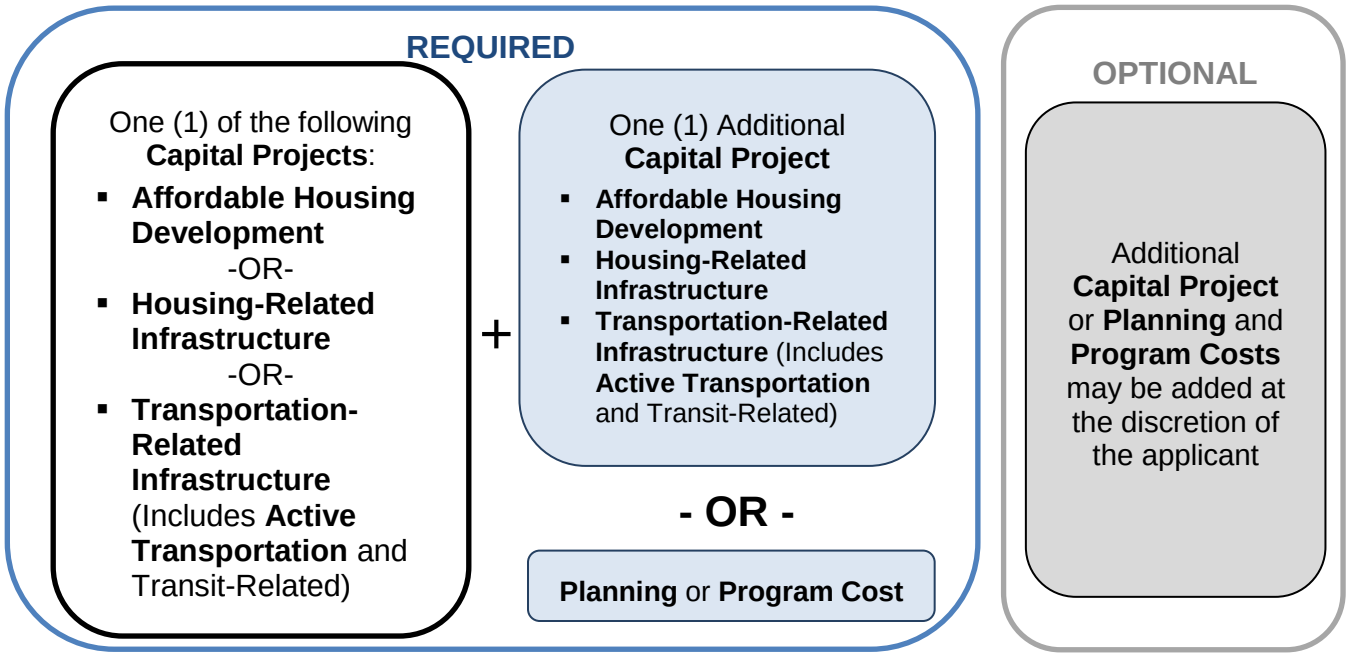
Figure 2 Examples of TODs		
TOD Neighborhood	**TOD District**	**Transit Corridor**
Focus on projects improving connectivity and accessibility of public transit, active transportation infrastructure and affordable housing and/or mixed-use areas. • Most likely to be located within a predominantly multifamily or moderate-to-high density residential or residential mixed-use neighborhood • Projects to improve and promote transit accessibility with improvements to a neighborhood with a variety of supportive infrastructure improvements focused on connecting residents and **Key Destinations**, including neighborhood schools and neighborhood-scale retail, for example: ✓ Active transportation improvements to incentivize walking and biking; ✓ Safe and accessible street improvements, improving visibility of neighborhood pathways, improvements to transit stations and express bus stops, neighborhood schools and parks, and to transit. 	Could consist of similar types of improvements in a TOD Neighborhood of a metropolitan area, but impacting a larger geographic area. • An area with high employment intensity, mixed uses, and either including, or providing accessibility to, areas of high residential density. • Improvements supporting a major transit hub area. • Would typically include central business districts (CBDs) served by a multi-modal or inter-modal regional transit or mobility hub(s). • Improvements support significant activity nodes within a sub-region or region. • Includes “first mile–last mile” improvements to leverage transit access. 	Projects focused on improving operation of a transit system relative to activity nodes, improving the capacity to attract and maintain ridership sufficient to achieve and sustain a competitive level of service along a Transit Corridor(s). • Projects may include similar types of improvements as in TOD Neighborhood Area or District, but focused on the **Transit Corridor**, including operation of transit service • Activity nodes should include high employment intensity, mixed uses, providing accessibility to, areas of high residential density. 

(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 **Qualifying High Quality Transit**; and

(3) Include **Capital Projects** or **Planning or Program Costs** as follows:



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.**

Section 103. Eligible Costs

The **AHSC Program** funds **Capital Projects** or eligible **Planning and Program Costs** within TOD or ICP **Project Areas** consistent with the requirements of Section 102(c) and (d) as follows:

Figure 3 **Eligible Capital Projects, Planning and Program Costs**
Eligible **Capital Projects**
▪ **Affordable Housing Development** ▪ **Housing-Related Infrastructure** ▪ **Transportation-Related Infrastructure** (including active transportation and transit-related)
Eligible **Planning and Program Costs***
▪ Pre-Development Costs Related to Project Implementation ▪ Active Transportation Programs ▪ Transit Ridership Programs ▪ **Criteria Air Pollutant** Reduction Programs

** Eligible planning and program costs must be combined with at least one identified Capital Project*

Examples of eligible costs within each category of eligible **Capital Projects** and **Planning and Program Costs** are identified in Appendix B.

(a) Capital Projects

(1) **Affordable Housing Development Capital Projects**

(A) **Affordable Housing Development Capital Projects** must:

(i) consist of one of more of the following:
- New construction
- Acquisition and **Substantial Rehabilitation** (including preservation of housing affordability at-risk of conversion to market rate)
- Conversion of one or more nonresidential structures to residential dwelling units;

(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; or stretches without lighted streets;

(iii) include at least 20 percent of the total residential units as **Affordable Units**; 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		
Project Location*	MINIMUM **NET DENSITY** REQUIREMENTS	
	Residential only Projects	Mixed-Use Projects (**Floor Area Ratio**)
Urban	30 units per acre	>2.0
Suburban	20 units per acre	>1.5
Rural	15 units per acre	>1.0

Refer to Appendix C for definitions of Project Location designations and applicable **Net Density requirements*

(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:[1]

(i) Costs for a housing development, as specified in 25 CCR Section 7304 (a) and (b).

(ii) **Energy Efficiency**, **Low Impact Design** or **Urban Greening** improvements.

(iii) Soft costs such as those incidentally but directly related to construction or acquisition, including, but not limited to, planning, engineering, construction management, architectural, and other design work, required mitigation expenses, appraisals, legal expenses, site acquisitions, and

[1] *All eligible costs must be reasonable compared to similar capital activities of modest and necessary design.*

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: [2]

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

(ii) **Energy Efficiency**, **Low Impact Design** or **Urban Greening** improvements.

(iii) Soft costs such as those incidentally but directly related to construction or acquisition, including, but not limited to, planning, engineering, construction management, architectural, and other design work, required mitigation expenses, appraisals, legal expenses, site acquisitions, and necessary easements. Soft costs shall not exceed 10 percent of total **AHSC Program** award.

(iv) The minimum residential per unit parking spaces in parking structures as required by a local government entity, not to exceed one parking space per residential unit and not to exceed $40,000 per permitted space.

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

(vi) Real property acquisition of the **Housing-Related Infrastructure** project site and associated fees and costs, not including real estate commissions for purchase or acquisition.

(vii) 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) **Transportation-Related Infrastructure Capital Projects** (including Active Transportation and Transit-Related)

(A) Eligible costs for **Transportation-Related Infrastructure Capital Projects** are limited to: [3]

[2] *All eligible costs must be reasonable compared to similar capital activities of modest and necessary design.*

[3] *All eligible costs must be reasonable compared to similar capital activities of modest and necessary design.*

(i) Capital improvements that result in the enhancement of any of the following: 1) public transit access, 2) pedestrian network, or 3) bicycle network within the defined **Project Area** meeting the transit requirements detailed in Section 102 (c) or (d).

(ii) **Energy Efficiency**, **Low Impact Design** or **Urban Greening** improvements.

(iii) Impact fees required by local ordinance are eligible for funding only if used for the identified eligible **Capital Project** and do not exceed 15 percent of the AHSC Program award up to $300,000.

(iv) Soft costs such as those incidentally but directly related to construction or acquisition, including, but not limited to, planning, engineering, construction management, architectural, and other design work, environmental impact reports and assessments, appraisals, legal expenses, site acquisitions, and necessary easements. Soft costs shall not exceed 10 percent of total **AHSC Program** award.

(v) **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**.

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

(b) Planning Costs and Program Costs

(1) **Planning Costs** include those costs typically considered pre-development costs associated with the **Capital Project.**

(2) **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 in the following three categories:

(A) Active Transportation Programs;

(B) Transit Ridership Programs; or

(C) **Criteria Air Pollutant** Reduction Programs.

(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 **Capital Project** or 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**.

Section 104. Assistance Terms and Limits

(a) The maximum **AHSC Program** loan or grant award, or combination thereof, for a **TOD Project Area** is $15 million with a minimum award of at least $1 million.

(b) The maximum **AHSC Program** award for an **ICP Project Area** is $8 million with a minimum award of at least $500,000.

(c) The maximum **AHSC Program** award(s) within the geographic boundary of a **Locality** is limited to $15 million per **NOFA** funding cycle.

(d) A single **Developer** may receive no more than $15 million per **NOFA** funding cycle.

(e) The limitations set forth in (c) and (d) above may be waived by the **Department** if necessary to meet statutorily required Affordable Housing and **Disadvantaged Community** set-asides as detailed in Section 105(d)(3)(A) and (B).

(f) For multi-phased developments, the amount of GHG reduction will be measured for the phase funded through the application for the specific **NOFA** funding cycle.

(g) 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** receiving 4% low-income housing tax credits, $30,000 per **Restricted Unit** may be added to the base amount for loan limit calculation purposes.

(3) Where the **Affordable Housing Development** is receiving low-income housing tax credits, the **Public Agency** may provide **AHSC Program** grant funds to the **Developer** of the **Affordable Housing Development** in the form of a zero (0) percent, deferred payment loan, with a term of at least 55 years. The loan may be secured by a deed of trust which may be recorded with the local county recorder's office. Provided, however, the beneficiary of the loan shall not under any circumstances exercise any remedy, including, without limitation, foreclosure, under the deed of trust without the prior written consent of the **Department**, in its sole and absolute discretion. The loan may not be sold, assigned, assumed, conveyed or transferred to any third party without prior written **Department** approval in its sole and absolute discretion.

(4) For **Affordable Housing Developments** assisted by other **Department** funding programs, repayment of the loan between the **Public Agency** and the developer shall be limited to (1) no repayments to the **Public Agency** until the maturity date or (2) repayment only from "distributions" from the **Affordable Housing Development** within the meaning 25 CCR 8301(h). The **Public Agency** shall be responsible for all aspects of establishing and servicing the loan. The provisions governing the loan shall be entirely consistent with these Guidelines and all documents required by the **Department** with respect to the use and disbursement of **AHSC Program** funds. All documents governing the loan between the **Public Agency** and the **Developer** borrower shall contain all the terms and conditions set forth in this subdivision and shall be subject to the review and approval of the **Department** prior to making the loan.

(h) 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) 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.

(3) **AHSC Program** grant funds will be disbursed as progress payments for eligible costs incurred after the **AHSC Program** award of funds.

(4) For homeownership **Affordable Housing Developments**, **AHSC Program** assistance will be provided in the form of a grant from the **Department** to a **Locality**, to be used to provide a loan from the **Locality** to a qualified first-time homebuyer in an identified homeownership **Affordable Housing Development**, in accordance with the provisions of the BEGIN Program as set forth in the BEGIN Guidelines issued by the **Department**, as amended April 21, 2009, except for the requirements for regulatory relief, set forth in Section 106 of those guidelines, and the application selection criteria set forth in Section 119.

(5) 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. 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.

(6) For **Planning Cost** grants, the total grant amount for **Planning Costs** within a **Project Area** shall not exceed 15 percent of the funding request for the for the overall **Project** up to $250,000.

(7) For **Program Cost** grants, 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.

Article III. Application Procedures

Section 105. Eligible Applicants and Application Process

(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 Commissions, Congestion Management Agencies, Joint Powers Authority (JPA), school district, facilities district, University or Community College District.

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

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

(b) **NOFA** Process

(1) Pursuant to direction of the **Council**, the **Department** shall offer funds through a **NOFA** in accordance with the procedures for the **Department's** MHP Program set forth in 25 CCR 7317 and applications will be reviewed based on the steps detailed below and illustrated in Figure 7.

(2) Applications shall be made on forms made available by the **Department**.

(c) Concept Proposal Process

(1) All applicants must submit a <u>required</u> concept proposal. The intent of the concept proposal process is 1) focus expenditures of local resources on the most competitive applications given limited **AHSC Program** funding, 2) provide targeted technical assistance to potential applicants, with a priority to **Disadvantaged Community** applicants, and 3) coordinate with Metropolitan Planning Organizations on supporting Sustainable Communities Strategies implementation.

(2) Concept proposals will be reviewed based on the information detailed in Figure 5 below.

Figure 5 AHSC Concept Proposals Required Contents	
Project Overview	
1	Project Description defining each of the following: ▪ **Project Area** Type (TOD or ICP) ▪ Proposed Project Description ▪ Project Area (defined by vicinity map, service area, etc.) ▪ Eligibility for Statutory Set-Asides, if applicable ✓ Affordable Housing ✓ **Disadvantaged Community** Benefits (illustrate **Disadvantaged Community** census tract(s) within the **Project Area** map) ▪ Identification of **Project** Co-Benefits
2	**AHSC Program** funding amounts requested for: ▪ Grant funds ▪ Loan funds
3	Applicant Information: ▪ Identification of co-applicants ▪ Identification of participating entities
Threshold Requirements	
4	Description of GHG emission reduction strategies attributable to the **Project**
5	Demonstration of how the **Project** supports the implementation of the applicable SCS or other qualifying regional plan
6	Consistency with State Planning Priorities (Self-Certification form)
Project Readiness	
7	Evidence of **Enforceable Funding Commitments** for construction period financing based on criteria as outlined in Section 107(c).
8	Sources and Uses of **Project** funds including identification of **Project** funding leveraged based on criteria outlined in Section 107(d)
9	Demonstration of **Project** readiness as appropriate: • **Site Control** (per Section 106(a)(7)) • All necessary NEPA and CEQA clearances demonstrated by any of the following (per Section 106(a)((4): NEPA: Authority to Use Grant Funds form CEQA: Notice of Exemption; Notice of Determination • All necessary discretionary land use approvals, excluding design review (per Section 106(a)(5) • Consistency with local public works department, or other responsible local agency requirements (for **Housing-Related and Transportation-Related Infrastructure Capital Projects** only) (per Section 106(a)(14)(D) or (15)(A)) • Estimated **Project** milestone schedule • Demonstration (self-certification) that **Project** construction has not yet commenced (per Section 106(a)(10))

(3) Concept proposals will be reviewed based on select **AHSC Program** elements as detailed in Figure 5 above and evaluated as follows:

(A) Satisfaction of threshold requirements; and

(B) Demonstration of the level of enforceable, committed financial leverage of project costs.

(4) Applicants will be notified whether or not they are invited to submit a full application based on ranking of concept proposals. In inviting full applications, consideration will be given to statutorily required Affordable Housing and **Disadvantaged Community** set-asides and TOD/ICP set-asides as stated in Section 105(d)(3)(A) through (D).

(A) To the extent cumulative funds requested of all concept proposals received exceed 200 percent of available funds for the applicable **NOFA**, the **Council** may limit invitations to submit full applications.

(B) An invitation to submit a full application does not guarantee project will compete successfully for funding.

(d) Full Application Process

(1) For those applicants which have been invited to submit a full application package, a complete application must be submitted to the **Department** by the deadline detailed in the **NOFA**.

(2) The **Department** shall evaluate applications for compliance with the threshold requirements listed in Section 106, and score eligible applications based on the scoring criteria listed in Section 107.

(3) The highest scoring applications that meet all threshold requirements shall be recommended to the **Council** for funding as specified in the **NOFA**, except that the **Council** may make adjustments in this procedure to meet the following distribution objectives of each **NOFA** release:

(A) At least fifty (50) percent of **AHSC Program** expenditure for **Projects** benefitting **Disadvantaged Communities** (Refer to Appendix E for additional information).

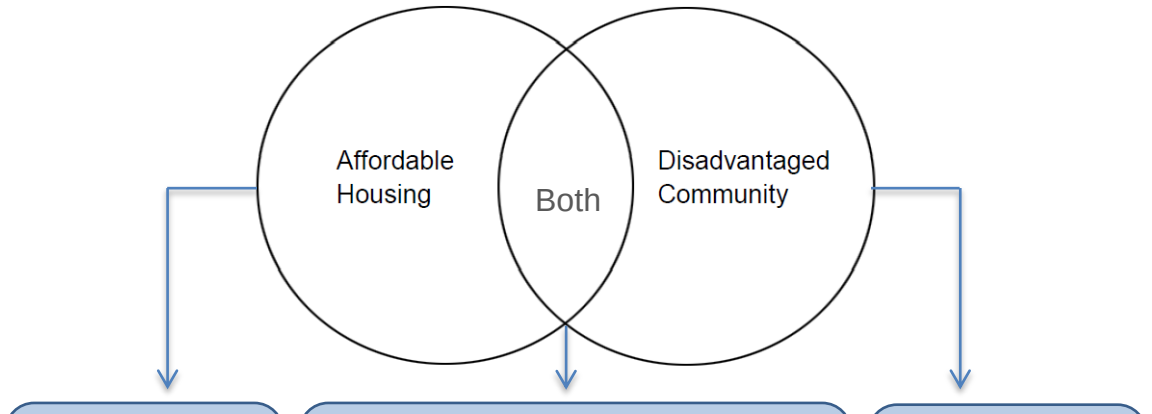
(B) At least fifty (50) percent of the annual proceeds appropriated for the **AHSC Program** shall be expended for affordable housing.[4] For the purposes of this set-aside, expenditures related to **Affordable Housing Development** and **Housing-Related Infrastructure Capital Projects** shall count toward this requirement.

[4] *The requirements detailed in Section 105(c)(3) subsections (A) and (B) are not mutually exclusive.*

(C) No less than forty (40) percent of funds available as designated in the **NOFA** will be allocated to **TOD Project Area** applications.

(D) No less than thirty (30) percent of funds available as designated in the **NOFA** will be allocated to **ICP Project Area** applications.

Figure 6: AHSC Funding Set Asides



(E) To the extent applications received are not sufficient to meet **TOD Project Area** or **ICP Project Area** set-aside detailed in (C) and (D) above, the **Council** reserves the right to waive these requirements and recommend funding a greater percentage of applications in either of the two identified **Project Area** types.

(4) Since it is in the interest of State to fund a variety of project types and scales in a variety of locations to demonstrate the many ways GHG may be reduced, adjustments may be made in the recommendation and award of funds.

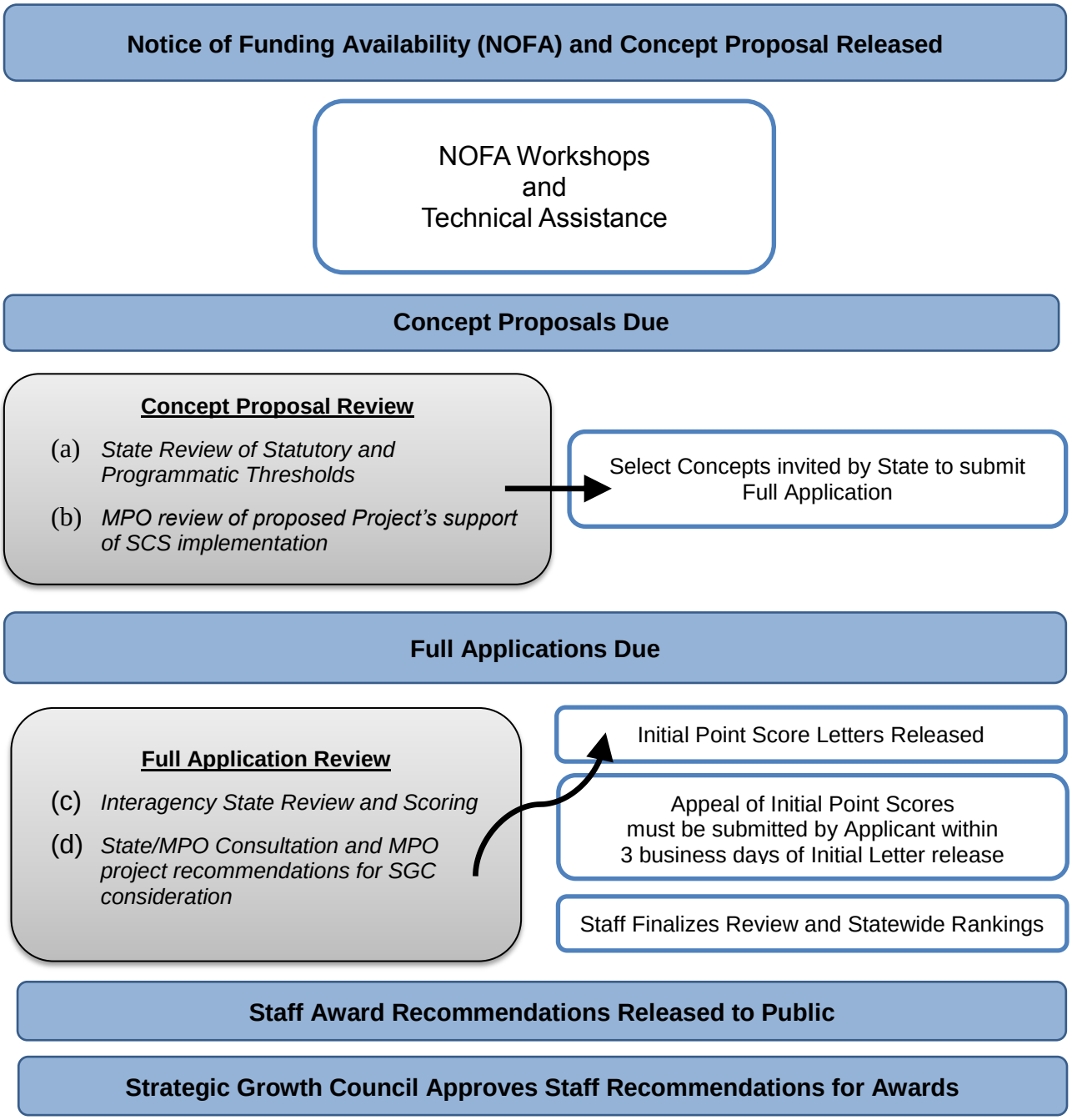
(5) As station area plans for High Speed Rail are implemented, the **Council** will consider prioritization of investments in these areas in future updates of the **AHSC Program** Guidelines.

(6) The **Department** may elect to not evaluate compliance with some or all threshold requirements for applications that are not within a fundable range, as indicated by a preliminary point score of the full application.

(7) In the event of two or more applications having the same rating and ranking scores, the **Department** may apply a tie breaking criteria as outlined in the **NOFA**.

(8) Applications recommended for funding and approved by the **Council** are subject to conditions specified by the **Department**.

Figure 7
AHSC Program Application Review Process



Section 106. Application 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, pursuant to the **AHSC Program** Quantification Methodology in Appendix D.

(2) The proposed **Project** supports implementation of the applicable SCS, as confirmed by the 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) Completion 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.

(5) Applications must demonstrate that all necessary discretionary local land use approvals, excluding design review, have been granted.

(6) 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, 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**.

(7) 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**.

(8) 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 at the State or Federal appellate level. 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**. This information will be used to determine feasibility of the **Project** as accessed in the Feasibility and Readiness Criteria (Section 107(c) and (d)) herein.

(9) The **Capital Project** or **Planning and Program Costs** are infeasible without **AHSC Program** funds, and other committed funds are not being supplanted by **AHSC Program** funds.

(10) Construction of the **Project** has not commenced as of the application deadline set forth in the **NOFA**.

(11) **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.

(12) The applicant must demonstrate that where applicable, climate adaptation measures are integrated into their **Project**. If the **Project** is located in a coastal zone, it should include information about the potential impacts of sea level rise (SLR) and the adaptation measures it will implement to address related impacts (See Appendix F for further guidance).

(13) The applicant must demonstrate that costs for any **Project** or component thereof will not result in loss or conversion of agricultural land for other uses.

(14) 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 8312. However, the **Department** may use alternative underwriting standards to ensure financial feasibility.

(B) Owner-occupied **Affordable Housing Developments** must meet the requirements of the BEGIN Program, except for the following:

(i) The requirements for regulatory relief specified in the BEGIN Program Guidelines, including those in Section 106 of these guidelines.

(ii) The requirements of Section 119 of the BEGIN Program Guidelines, on application selection criteria.

(C) If the application involves demolition or rehabilitation of existing units affordable to lower income households, the replacement **Affordable Housing Development** must include units, 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.

(D) 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**.

(15) Applications requesting AHSC Program funding for **Transportation-Related Infrastructure 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 **Transportation-Related Infrastructure Capital Project** is consistent with all applicable local rules, regulations, codes, policies and plans enforced or implemented by that entity.

(B) If the **Transportation-Related Infrastructure Capital Project** involves the demolition existing units affordable to lower-income households, the application must demonstrate the replacement of demolished units of equal or greater affordability and equal to or greater than the number of the demolished affordable units.

(b) **Disadvantaged Community** Benefits

The California Environment Protection Agency (CalEPA) has identified the census tracts in California with the top 25 percent of CalEnviroscreen 2.0 scores as Disadvantaged Communities. In November 2014, ARB released interim Guidance that provides criteria to evaluate whether or not a **Project** provides benefit to a **Disadvantaged Community**. These criteria are detailed in Figure 8 below.

A **Project** that provides **Disadvantaged Community** benefits may receive additional consideration for funding in order to meet the **AHSC Program Disadvantaged Community** funding targets. All applicants must evaluate the criteria in Figure 8 below and, if applicable, demonstrate in the application how the **Project** meets one of the below criteria.

If the eligible **Capital Project**, **Planning or Program Costs** are determined to provide benefit to a **Disadvantaged Community** pursuant to the criteria, the application must demonstrate, based on ARB's Guidance, how the **AHSC Program** funds will provide benefit to a **Disadvantaged Community**.

Figure 8 **AHSC Program Disadvantaged Community Criteria**
Located Within: Evaluate the **Project** to see if it meets at least one of the following criteria for being located in a **Disadvantaged Community** census tract and provides direct, meaningful and assured benefit(s) to a **Disadvantaged Community**.
Project must meet the following criteria focused on reducing passenger VMT by **Disadvantaged Community** residents or in a **Disadvantaged Community**: ▪ A majority (50%+) of the **Project** is within one or more **Disadvantaged Communities** and reduces VMT, and the **Project** is designed to avoid displacement of **Disadvantaged Community** residents and businesses.
Provides Benefits To: If the **Project** does not meet the above criteria for "located within," evaluate the **Project** to see if it meets at least one of the following criteria for providing direct, meaningful and assured benefit(s) to a **Disadvantaged Community**.
Project must meet at least one of the following criteria focused on reducing passenger vehicle miles travelled by **Disadvantaged Community** residents or in a **Disadvantaged Community**: ▪ **Project** is accessible by walking within ½ mile of a **Disadvantaged Community** and VMT, and is designed to avoid displacement of **Disadvantaged Community** residents and businesses; or ▪ **Project** includes recruitment, agreements, policies or other approaches that are consistent with federal and state law and result in at least 25 percent of project work hours performed by residents of a **Disadvantaged Community**; or ▪ **Project** includes recruitment, agreements, policies or other approaches that are consistent with federal and state law and result in at least 10 percent of project work hours performed by residents of a **Disadvantaged Community** participating in job training programs which lead to industry-recognized credentials or certifications.

Section 107. Application Selection Criteria

Scoring Philosophy and Process

AHSC Program funds will be allocated through a competitive process, based on the merits of the proposal 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 Key Destinations to bring about reduction of GHG emissions.

The scoring criteria will apply to each application based upon the following three elements, each with specific criteria relative to the proposed eligible use of funds:

1. GHG Reduction
2. Feasibility and Readiness
3. Policy Objectives

Figure 9 below outlines the application review and scoring process showing the approximate weight of three scoring elements and the criteria to be evaluated, as applicable, within each of the elements.

Applications meeting all threshold requirements as detailed in Section 106 will be reviewed and scored based upon the criteria detailed below. A total of 12 scoring criteria have been identified, however, not all criteria will apply to each application. Only those criteria which are applicable to the application based use(s) of funds (i.e. **Capital Projects** and **Planning and Program Costs** consistent with the requirements of Section 102(c) and (d)) and outlined in Figure 10 (page 43) will be scored. For example, a **TOD Project Area** application requesting funds for an **Affordable Housing Development** and **Transportation-Related Infrastructure Capital Projects** (i.e. new sidewalks and street furniture) would be scored on the applicable criteria identified in the appropriate columns in Figure 10. Applications will be scored on the applicable criteria based upon the strength of the entire proposal for the **Project Area**, including those elements funded by other sources.

TOD and **ICP Project Area** applications will compete separately. Therefore, **TOD Project Area** applications will compete only against other **TOD Project Area** applications and **ICP Project Area** applications will compete only against other **ICP Project Area** applications. The maximum number of points will vary based upon the application submitted. As a result, scoring will be calculated based upon the percentage of maximum eligible points an application received, i.e. if 87 points are possible and an application receives 83 points, that application's final score would be 95.4 percent.

Figure 9
AHSC Scoring Elements and Criteria

*Refer to Figure 10 for applicable criteria within each scoring element based on the proposed **Project***

GHG Reduction - 55% of total score

- Estimated GHG emissions reductions per GGRF dollar. GHG emissions reductions must be estimated using the GHG Quantification Methodology in Appendix D *(55 points)*

Feasibility and Readiness - 15% of total score

- **Captial Project** Past Performance *(2 points)*
- **Capital Project** Readiness & Program Readiness, Capacity, Need and Leverage *(8 points)*
- **Capital Project** Funds Leveraged *(4 points)*
- Implementation of Planning Efforts *(1 point)*

Policy Objectives - 30% of total score

- Accessibility to Qualified Employment Areas *(5.5 points)*
- Extent to which the **Project Area** Incorporates Walkable Corridors *(5.5 points)*
- Extent to which the **Project Area** Incorporates Features which Encourage Bicycling *(3 points)*
- Extent to which the Housing Development Serves Lower- and Moderate-Income Households *(6.5 points)*
- Extent to which the **Project** Addresses Co-Benefits *(6.5 points)*
- Anti-Displacement Strategies *(1 point)*
- Community Engagement *(2 points)*

Applicable scoring criteria for each application will be determined based on the proposed **Project.** The chart at the beginning of each section (see example below) indicates the applicable eligible use of **AHSC Program** funds which will be subject to scoring for each criterion (see Figure 10 for a complete listing).

Affordable Housing Development	Housing - Related Infrastructure	Transportation/ Transit Related Infrastructure	Planning Implementation	Programs

Points within each applicable criteria will be assigned based on the following:

GHG Reduction – 55% of total score

(a) Estimated GHG Emissions Reductions per GGRF Dollar – 55 Points Maximum

Affordable Housing Development	Housing- Related Infrastructure	Transportation- Related Infrastructure	Planning Implementation	Programs
X	X	X	X	X

For this section, applications will be scored based on the quantified GHG emission reductions of the project per GGRF dollar. GHG emission reductions must be quantified using the GHG Quantification Methodology in Appendix D.

Applications will be awarded points for project GHG reductions according to the following project ranking process:

(1) For each project, applicants calculate the following metric using the GHG Quantification Methodology in Appendix D:

$$\frac{\text{Metric tons of } CO_2\text{e emissions reduced over the project life}}{\text{Amount of GGRF dollars requested for the project}}$$

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.

(2) All applications are ranked by the **Council** staff from highest to lowest, according to the ton per GGRF dollar metric.

(3) Once the applications are in rank order, the **Council** staff will divide the application list into six (6) bins, each containing 1/6th of the total number of ranked applications.

(4) Applications within each bin are then assigned a score for the GHG Reduction component of the total application score as follows:

- All applications in Bin 1 receive 55 points
- All applications in Bin 2 receive 44 points
- All applications in Bin 3 receive 33 points
- All applications in Bin 4 receive 22 points
- All applications in Bin 5 receive 11 points
- All applications in Bin 6 receive 0 points

Feasibility and Readiness – 15% of total score

(b) Capital Project Past Performance - 2 Points Maximum

Affordable Housing Development	Housing-Related Infrastructure	Transportation-Related Infrastructure	Planning Implementation	Programs
X	X	X		

Applications will be scored based on past performance for construction of previously completed affordable housing and related infrastructure and transportation-related infrastructure capital projects that are similar in size and scope to the eligible **Capital Project(s)** proposed.

(1) 0.50 points will be awarded for each previously completed project similar in size and scope to the proposed **Capital Project** (up to a maximum of 2 points) as described above completed by the applicant during the five years preceding the application due date.

To receive points, **Affordable Housing Development Capital Projects** require experience of at least one applicant in developing housing of similar type and scale.

For **TOD Project Areas** or **ICP Project Areas** with more than one **Capital Project** (i.e. Affordable Housing and Transportation-Related Capital Projects) no more than

50 percent of total points obtained through this criterion may be from experience in the development of any one category of a **Capital Project**.

In the case of a **Capital Project** developed by multiple **Developers**, the score will be based on the most experienced **Developer**.

(c) Project and Program Readiness - 8 Points Maximum

Affordable Housing Development	Housing-Related Infrastructure	Transportation-Related Infrastructure	Planning Implementation	Programs
X	X	X		X

Points will be awarded for each AHSC funded **Capital Projects** and **Program Costs** proposed within the **Project Area** as follows:

(1) Affordable Housing Development and **Housing-Related Infrastructure Capital Projects**

A maximum of 3 points will be awarded for obtaining **Enforceable Funding Commitments** (public and private), less deferred costs, for construction period funding for the **Affordable Housing Development.**

Points will be allocated based on the percentage of **Enforceable Funding Commitments** obtained as follows:

1 point: 70 to 79 percent
2 points: 80 to 89 percent
3 points: ≥ 90 percent

(2) Transportation-Related Infrastructure Capital Projects

A maximum of 3 points will be awarded for **Transportation-Related Infrastructure Capital Projects** obtaining **Enforceable Funding Commitments**, less deferred costs, for construction period funding.

Points will be allocated based on the percentage of **Enforceable Funding Commitments** obtained as follows:

1 point: 70 to 79 percent
2 points: 80 to 89 percent
3 points: ≥ 90 percent

(3) Program readiness, capacity, need and leverage

(A) Program Readiness and Capacity

(i) 0.50 points will be awarded for a program description and structure for implementation (i.e. staffing needs, administrative structure, program objective(s) and deliverables/outcomes).

(ii) 0.25 points will be awarded for demonstration of commitments from key parties necessary to achieve program outcomes (e.g. letter of intent, memorandum of understanding)

(iii) 0.25 points will be awarded for **Program Operator** qualifications demonstrating three or more years of experience operating a similar type of program.

(B) Need and Benefit of Program Activities

0.50 points will be awarded for programs demonstrating the extent to which services are addressing the needs and providing benefits of those to be served by the program activity.

(C) Leveraging for Program Activities

Applications will receive points based on demonstration of the extent to which other funds are leveraged for the proposed **Program Costs**.

0.15 points: 10% to 30%
0.25 points: 31% to 50%
0.50 points: > 50%

(d) **Capital Project** Funds Leveraged – 4 Points Maximum

Affordable Housing Development	Housing-Related Infrastructure	Transportation-Related Infrastructure	Planning Implementation	Programs
X	X	X		

A maximum of 4.0 points will be awarded for applications demonstrating permanent development funding. Applications will be scored based on the amount of permanent development funding commitments from sources other than the **AHSC Program**, as a percentage of the requested amount of **AHSC Program** funds. For each full 25 percent increment of the amount requested, 1.0 point will be awarded.

1.0 point: 25 to 49.9%
2.0 points: 50% to 74.9%
3.0 points: 75% to 100%
4.0 points: > 100%

In calculating the amount of other funds:

- Funds used for the **Project** will be counted;
- Deferred developer fees will not be counted as a source;
- Land donations will be counted and the value of the land;
- Donation will be the greater of either the original purchase price or the current appraised value supported by an independent third party appraisal prepared by an MAI-qualified appraiser within one year of the application deadline; and
- Local fee waivers will be counted so long as it is supported by written documentation from the local public agency.

(e) Implementation of Planning Efforts – 1 Point Maximum

Affordable Housing Development	Housing-Related Infrastructure	Transportation-Related Infrastructure	Planning Implementation	Programs
X	X	X		X

A maximum of 1.0 point will be awarded to **Projects** which implement a policy or program of any the following applicable adopted plans in addition to the SCS/RTP and support the objectives of the **AHSC Program**:

(1) 0.50 points for any one (1) of the following long range plans

- General Plan (e.g. program or policy of the circulation element or site identified in the site inventory of an adopted housing element)
- Specific Plan
- Community Plan
- Redevelopment Plan
- Bicycle Master Plan
- Disadvantaged Community Assessment (Government Code Section 65302)
- Pedestrian Master Plan
- Climate Action Plan
- Local Coastal Plan
- Transit Plan

(2) 0.50 points for any one (1) of the following **Project**-specific plans

- Transit Corridor Plan
- Station Area Plan
- Corridor System Management Plan
- Transit Village Plan
- Transportation Demand Management (TDM) Strategy or Plan
- Other Related Plans (specify)

Evidence of implementation of the above plans must be demonstrated by providing relevant sections of the applicable plan or a letter or resolution executed by an officer or an equivalent representative, from the appropriate governing body. Examples of implementation may include an applicable zoning ordinance, development regulations or program.

Policy Objectives – 30 % of total score

(f) Accessibility to Qualified Employment Areas – 5.5 Points Maximum

*Note: **Projects Areas** with **Flexible Transit Service** are exempt from this criterion*

Affordable Housing Development	Housing-Related Infrastructure	Transportation-Related Infrastructure	Planning Implementation	Programs
X	X	X		

A maximum of 5.5 points will be awarded based on the number of employees determined to be in a qualified employment area* defined for (1) and (2) below as follows:

(1) Within a half-mile (1/2 mile) radius from the identified **Transit Station/Stop**

Employment Density Within ½ mile of Transit Station/Stop		
NUMBER OF EMPLOYEES	TOD	ICP
>25,000	3.0	3.0
10,000-24,999	2.5	2.5
2,500-9,999	2.0	2.0
1,500-2,499		1.5
750-1,499		1.0

(2) Within a half-mile (1/2 mile) radius of a **Destination Transit Station/Stop** which is located no more than 30 minutes** from the **Transit Station/Stop** that serves the **Affordable Housing Development**, or from another transit station or stop not necessarily serving a specific **Affordable Housing Development**, via public transit and involves no more than one transfer point

Employment Density at Destination Transit Station/Stop		
NUMBER OF EMPLOYEES	TOD	ICP
>25,000	2.5	2.5
10,000-24,999	2.0	2.0
2,500-9,999	1.5	1.5
1,500-2,499		1.0
750-1,499		0.5

**A qualified employment area will be determined by utilizing the instructions provided in the application accessible through the following link: http://onthemap.ces.census.gov/*

***The transit time for accessibility to the qualified employment area from the **Transit Station/Stop** or from another transit station not serving a specific **Affordable Housing Development** to the **Destination Transit Station/Stop** must be demonstrated with the transit agency's schedule of regular service.*

(g) Extent to which the Project Area Incorporates Walkable Corridors – 5.5 Points Maximum

*Note: **ICP Project Areas** without a land use component or a physical site are exempt from this criteria*

Affordable Housing Development	Housing-Related Infrastructure	Transportation-Related Infrastructure	Planning Implementation	Programs
X	X	X		

Points will be awarded based on the extent to which the application demonstrates walkable corridors exist or will exist upon completion of the **Project**.

A maximum of 5.5 points will be awarded to **Project Areas** that provide a network of safe, accessible, and walkable corridors connecting the **Transit Station/Stop**, residential uses and **Key Destinations** to each other as follows:

5.5 points will be awarded to **Project Areas** that provide a safe, accessible walkable corridor between **Transit Station/Stop**, residential uses and at least two (2) **Key Destinations**

3.5 points will be awarded to **Project Areas** that provide a safe, accessible walkable corridor between **Transit Station/Stop** and residential uses

1.5 points will be awarded to **Project Areas** that provide a safe, accessible walkable corridor between **Transit Station/Stop** and at least one (1) **Key Destination**

A safe, accessible and walkable corridor is defined as a route that has:

- At least 75 percent of the street blocks are no more than 500 feet in length;
- Continuously-paved, ADA-compliant sidewalks with a minimum width of four feet;
- Marked pedestrian crossing of all arterials; and
- Attributes which contribute to comfort and safety including, but not limited to, adequate lighting or shade canopy.

(h) Extent to which the Project Area Incorporates Features which Encourage Bicycling – 3 Points Maximum

*Note: **ICP Project Areas** without a land use component or a physical site are exempt from this criteria.*

Affordable Housing Development	Housing-Related Infrastructure	Transportation-Related Infrastructure	Planning Implementation	Programs
X	X	X		

(1) 1.75 points will be given for the installation of new or expanded bikeways within the **Project Area** that provide separated right-of-way for cyclists through on-street striping (bike lanes), the creation of separated off-street paths (bike paths), or the creation of separated on-street paths (cycle tracks).

The applicant must include documentation of at least one safety or access issue currently on the route (e.g. high number of crashes involving auto/bike interactions on the route, high traffic speeds, high volume of vehicles, non-compliance with local traffic laws, inadequate traffic control devices for safe cycling, or a lack of low-stress bicycle facility present) and describe how the proposed infrastructure improvements will close bicycle network gaps and provide a safer and more comfortable bikeway than what previously existed.

(2) A maximum of 1.25 points will be awarded based on the extent to which the application demonstrates the following bicycle features exist, or will exist upon completion of the **Project**, within the **Project Area,** based on the following:

(A) 0.75 points for bicycle storage or parking

(i) 0.25 points where the **Affordable Housing Development** (**Projects** without housing are exempt) has bicycle access and provides secure overnight bicycle storage facilities that include protective coverings or shelters. The **Affordable Housing Development** must supply at least one spot for every two units to qualify for these points.

(ii) 0.50 points where the **Transit Station/Stop** has bicycle access and provides secure bicycle parking that include protective coverings or shelters.

(B) 0.25 points for bike sharing program available that serves at least half of the Project Area, including the **Transit Station/Stop** and the **Affordable Housing Development** (if applicable).

(C) 0.25 points for bike repair facilities or kiosks are available along the bicycle network.

(i) Extent to which the Affordable Housing Development Serves Lower- and Moderate-Income Households – 6.5 Points Maximum

Affordable Housing Development	Housing-Related Infrastructure	Transportation-Related Infrastructure	Planning Implementation	Programs
X	X			

Note: This criterion will apply to all ***TOD Project Area*** *applications and* ***ICP Project Areas*** *applications with an* ***Affordable Housing Development*** *that is a* ***Capital Project****.*

Applications will be scored based on the percentage of units in the **Affordable Housing Development** limited to various income levels, in accordance with the following schedule. Applicants may elect to exclude from the calculation of “total units” units which are not utilized in the calculation of leverage points pursuant to subdivision (d) of this Section and which are not utilized in the calculation of the loan amount pursuant to Section 104.

Applicants should calculate applicable points based on the scale provided below for owner-occupied and rental units by level of affordability. Applicable points should be multiplied by 0.216 to determine the final point score for this criterion not to exceed a maximum of 6.5 points.

For owner-occupied units:

(1) 0.13 points will be awarded for each percent of total units that are owner-occupied and restricted to initial occupancy by households with incomes not exceeding the moderate income limit.

(2) 0.25 points will be awarded for each percent of total units that are owner-occupied and restricted to occupancy by households with incomes not exceeding the moderate income limit at affordable housing costs for not less than 55 years.

(3) 0.30 points will be awarded for each percent of total units that are owner-occupied and restricted to occupancy by households with incomes not exceeding the lower income limit at affordable housing costs for not less than 55 years.

For rental units:

(4) 0.13 points will be awarded for each percent of total units that are rental **Restricted Units** for households with incomes less than or equal to 50 percent of Area Median Income.

(5) 0.7 points will be awarded for each percent of total units that are rental **Restricted Units** for households with incomes less than or equal to 40 percent of State Median Income, expressed as a percentage of Area Median Income.

(6) 0.9 points will be awarded for each percent of total units that are rental **Restricted Units** for households with incomes less than or equal to 35 percent of State Median Income, expressed as a percentage of Area Median Income.

(7) 1.3 points will be awarded for each percent of total units that are rental **Restricted Units** for households with incomes not exceeding 20 percent of State Median Income (adjusted by the **Department** to avoid exclusion of working CalWORKs recipients and individuals receiving SSI and expressed as a percentage of Area Median Income) for the first 10 percent of total **Restricted Units**; then 1 point for each subsequent percent of total **Restricted Units**.

(8) For rental **Affordable Housing Developments** utilizing 9% low income housing tax credits, applicants may elect to have their rental units scored in accordance with the scoring system used for this purpose by TCAC, under the Lowest Income point category. Applicants making this election shall be awarded 0.577 points for every 1 point they would be eligible to receive using TCAC's system (so that applications eligible for the maximum possible 52 points using the 9% scale receive 30 points in this category for the Program).

(j) Extent to Which the Project Addresses Co-Benefits – 6.5 Points Maximum

Affordable Housing Development	Housing-Related Infrastructure	Transportation-Related Infrastructure	Planning Implementation	Programs
X	X	X	X	X

In order to maximize co-benefits to all communities served by the **AHSC Program**, all applicants are required to describe and quantify the co-benefits of the **Project**. Co-benefits should be considered both broadly for the entire community and for specific populations within the community such as residents within a **Disadvantaged Community** (if applying for **Disadvantaged Community** set-aside), lower-income households or a **Vulnerable Community**. Co-benefits must fit in one of the three categories pursuant to SB 535 (public health and safety, economy, and environmental).

Applicants should identify the three (3) most impactful co-benefits from the **Project**. See Appendix E for co-benefits examples.

A maximum of 6.5 points will be awarded (2.16 points for each co-benefit up to a maximum of 3 co-benefits) that addresses all of the following:

(1) Identification of the co-benefit;
(2) Description of who will benefit;
(3) Description of how the co-benefit addresses an identified need of the populations served by the **Project**;
(4) Data that describes the baseline conditions on the co-benefit (i.e. to confirm that there is a need to be addressed);
(5) Citation and summary of the findings of the peer reviewed or government research (including date of publication) that demonstrates the strategy used will support the achievement of the co-benefit

(k) Anti-Displacement Strategies – 1 Point Maximum

Affordable Housing Development	Housing-Related Infrastructure	Transportation-Related Infrastructure	Planning Implementation	Programs
X	X	X		

A maximum of 1 point will be provided for demonstration of policies, strategies or programs designed to avoid the displacement of low-income residents and businesses of the **Project Area** and community.

*Note: The **Department** recognizes not all **Projects** may have a need to evaluate displacement risk and/or include anti-displacement strategies. Applicants shall provide evidence for **Department** review demonstrating no displacement risk. Those applications will not be evaluated on the criterion and the points will not be factored into the overall score.*

Applicants will receive points as follows:

0.25 points for identification and implementation of at least one (1) strategy
0.5 points for identification and implementation of 2 to 3 strategies
1.0 point for identification and implementation of more than three (3) strategies

Examples of strategies include, but are not limited to:

(1) Implementation of Residential Anti-Displacement Strategies
- Phased construction or rehabilitation, minimizing disruptions for tenants.
- Provision of Housing Choice Voucher (HCV) or other mechanism for affordability, including temporary relocation.
- Assignment of a relocation specialist to develop and implement a relocation plan and work closely with any tenants that temporarily relocate off-site to provide relocation planning, mobility counseling, and assistance (for example, reviews of school options, benefits, re-occupancy plans, and services access).
- Case management support to residents and relocation technical assistance to the local housing authority/department to ensure that all residents are informed about maintenance of lease compliance requirements.

(2) Implementation of Business Anti-Displacement Strategies:
- Implementation of an overlay zone designed to protect and assist small businesses.
- Establishment of a small business advocate office and designate a single point of contact for every small businesses.
- 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.

(l) Community Engagement – 2 Points Maximum

Affordable Housing Development	Housing - Related Infrastructure	Transportation-Related Infrastructure	Planning Implementation	Programs
X	X	X	X	X

(1) A maximum of 2.0 points for applications which describe community outreach on proposed project, in addition to that required by the local government or other government body. The application must demonstrate how the outreach was designed to remove barriers to community participation and provided opportunities for engagement for community members, in particular lower-income households and **Disadvantaged Community** residents, which the project is proposed to benefit. The application should provide:

- Identification of key stakeholders and/or community organizations which have been engaged in community outreach or in supporting the project;
- Identification of dates, times and location of meetings scheduled to accommodate accessibility for households/community members lacking transportation (i.e. meeting sites accessible to transit or at a convenient location such as a school in or near **Project Area**) and with varying family and employment schedules (i.e. evening meetings, child care); and
- Description of how feedback received during the process was considered or addressed.

Section 108. Criteria Applicability

Based on the application's proposed **Project** comprised of **Capital Projects**, **Planning and Program Cost**s as defined in Sections 102 and 103, Figure 10 below indicates the criteria which will be applied and the scored to determine an applicant's final score.

Applications will be scored based upon the strength of the entire proposal for the **Project Area**, including those elements funded by other sources but which are applicable to connectivity between transit, housing and **Key Destinations** with particular emphasis on improving access to affordable housing opportunities.

Figure 10
Criteria Applicability Based on Proposed Project

Guideline Reference	* Both **TOD** and **ICP Project Areas** must include at least one **Capital Project** (Refer to Section 102 for further information on **TOD** and **ICP Project Area** requirements) ****Planning and Program Costs** may be combined with any eligible **Capital Project**	Housing Development	Housing-Related Infrastructure	Transportation Related Infrastructure	Planning Implementation	Programs – Active Transportation	Programs – Transit Ridership	Programs – **Criteria Air Pollutant**
		Capital Projects*			Planning and Program Costs**			
GHG Reduction – 55%								
a	Estimated GHG Reductions based on GHG Quantification Methodology	X	X	X		X	X	X
Readiness and Feasibility – 15%								
b	Capital Project Past Performance	X	X	X				
c	Capital Project Readiness & Program Readiness, Capacity, Need and Leverage	X	X	X		X	X	X
d	Capital Project Funds Leveraged	X	X	X				
e	Implementation of Planning Efforts	X	X	X		X	X	X
Policy Objectives – 30%								
f	Accessibility to Qualified Employment Areas	X	X	X				
g	Extent to which the Project Area incorporates Walkable Corridors	X	X	X				
h	Extent to which the Project Area incorporates features which Encourage Bicycling	X	X	X				
i	The Extent to which the Affordable Housing Development Serves Households at Lower- and Moderate-Income Levels	X	X					
j	Extent to which the Project addresses Co-Benefits	X	X	X	X	X	X	X
k	Anti-Displacement Strategies	X	X	X				
l	Community Engagement	X	X	X	X	X	X	X

Article IV. Program Operations

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 of a conditional commitment letter issued by the **Department** and accepted by the applicant and 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 or 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 on or in the vicinity of, the **Affordable Housing Development** site a sign 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; and
(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**.

(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 Development**s 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) Upon the award of **AHSC Program** funds to a **Locality** for assistance to a homeowner **Affordable Housing Development**, the **Department** shall enter into a Standard Agreement with the Recipient constituting a conditional commitment of funds. This agreement shall require the **Recipient** to comply with the requirements and provisions of these Guidelines. The Standard Agreement shall encumber **AHSC Program** funds in an amount sufficient to fund the approved **Project**, subject to limits established in the **NOFA** and consistent with the application. The Standard Agreement shall contain, but not be limited to, the following:

(1) a description of the approved local **Project** and the permitted uses of **AHSC Program** funds;

(2) requirements for the execution and, where appropriate, the recordation of the agreements and documents required under the **AHSC Program**;

(3) the **Recipient's** responsibilities for completion of the **Project**, including, but not limited to, number of units to be assisted, marketing, **AHSC Program** loan processing and funding, construction monitoring and disbursement, report

submissions, and file documentation;

(4) manner, timing and conditions for disbursement of **AHSC Program** funds to **Recipients**;

(5) provisions relating to the placement on or in the vicinity of the homeownership **Affordable Housing Development** project site, a sign indicating that the **Council** has provided financing for the **Project.** The **Council** may also arrange for publicity of the **Project** in its sole discretion;

(6) remedies available to the **Department** in the event of a violation, breach or default of the Standard Agreement;

(7) requirements that the **Recipient** permit the **Department** or its designated agents and employees the right to inspect the project or local program and all books, records and documents maintained by the **Recipient** in connection with the local program and the local program individual Program loans;

(8) special conditions imposed on a case-by-case basis as part of **Department's** approval of the **Project**;

(9) terms and conditions required by federal or state law; and

(10) provisions to ensure that the eligible Capital Use and Program Use of funds maintains the required GHG Reduction as represented in the application.

(11) other provisions necessary to ensure compliance with the requirements of the **AHSC Program**.

(e) Prior to the disbursement of **AHSC Program** funds for a homeownership **Affordable Housing Development**, the **Department** shall enter into a monitoring agreement with the **Recipient** requiring the **Recipient** to comply with **AHSC Program** requirements. The monitoring agreement shall contain, but not be limited to, the following:

(1) requirements regarding the establishment of a reuse account for the deposit of loan repayments, including interest and principal, and the requirements for disbursement of funds from the reuse account;

(2) the plan for servicing of the **AHSC Program** loans as prepared by the **Recipient** to be reviewed for approval by the **Department**

(3) the plan for the reuse of **AHSC Program** funds as prepared by the **Recipient** to be reviewed for approval by the **Department**;

(4) requirements for submittal of an annual report on a form provided by the **Department**;

(5) remedies available to the **Department** in the event of a violation, breach or default of the monitoring agreement;

(6) requirements that the **Recipient** permit the **Department** or its designated agents and employees the right to inspect the **AHSC Program** and **Project** books, and all records and documents maintained by the Recipient in connection with the reuse account and long term loan servicing; and

(7) other provisions necessary to ensure compliance with the requirements of the **AHSC Program**.

(f) All homebuyer program loans originated by a **Recipient** for a homeowner **Affordable Housing Development** shall be evidenced by the following documents and provisions, models of which may be provided by the **Department**:

(1) A promissory note evidencing the program loan, payable by the homebuyer to the

Recipient in the principal amount of the program loan and stating the terms and rate of interest of the program loan consistent with the requirements of the **AHSC Program**. The **Recipient** is and shall be prohibited from assigning their beneficial interest under the note.

(2) The note shall be secured by a deed of trust, or other appropriate security instrument acceptable to the **Department**, on the homebuyer property naming the **Recipient** as beneficiary. This deed of trust or other appropriate security instrument shall be recorded in the official records of the county in which the unit is located and shall secure the **Recipient's** financial interest in the **Project**.

(g) 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 Section 105 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 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) 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.

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 following disbursement deadlines:

Figure 11 **Performance Milestone Dates**			
NOFA Date	Disbursement Deadline	Standard Agreement Executed	Disbursement Agreement Executed
January 2015	February 1, 2019	June 2016	June 2016

(d) **Recipients** may only reapply for **AHSC Program** funds in a subsequent **NOFA** for the same **Project** (i.e. multi-phased projects) 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) Funding commitments and Standard Agreements may be canceled by the **Department** 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 **Planning and 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 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.

APPENDICES

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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, Planning 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.

(e) “Agency” means California Natural Resources Agency.

(f) “AHSC Program” means the program as implemented by these Program Guidelines.

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

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

(d) “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. Major components may include the following: (1) use of exclusive right-of way, including busways, exclusive lanes, and bypass/queue jumping lanes for buses at congested intersections to reduce vehicle running time; (2) center of road alignment, mixed-traffic prohibitive intersection treatments; (3) use of more limited-stop service including express service and skip-stopping; (4) application of **Intelligent Transportation Systems** (ITS) technology such as signal priority, automatic vehicle location systems, system security, and customer information; (5) platform level boarding and off-board fare collection.

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

(f) "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.

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

(h) “Complete Streets” means context sensitive streets designed and operated to ensure safe access by all users, including pedestrians, bicyclists, motorists, and transit riders of all ages and abilities. Complete streets projects include, but are not limited to:

(1) Development of new bikeways and walkways that improve safe and comfortable access of pedestrians and cyclists to local amenities.
(2) Development of special bus lanes and dedicated bus lanes.
(3) Development of comfortable and accessible public transportation stops and amenities.
(4) Development or improvement of frequent and safe crossing opportunities.
(5) Installation of accessible pedestrian signals.
(6) Development of curb extensions, roundabouts, median islands, “road diets”, lane narrowing projects, or other traffic calming mechanisms with the intent of improving safety and accessibility for non-motorized users.

(i) "Consolidated Transportation Service Agency (CSTA)" means an agency designate by the Regional Transportation Planning Agency (RTPA) to consolidate and/or coordinate social transportation services. A CTSA may be a public agency (city, county or operator), a private entity operating under a license, a non-profit organization, a public corporation, a public district or joint powers entity, or a State department or agency. An RTPA may not be a CTSA.

(j) "Criteria Air Pollutants" means an air pollutant for which acceptable levels of exposure can be determined and for which an ambient air quality standard has been set. Examples include: ozone, carbon monoxide, nitrogen dioxide, sulfur dioxide, and PM10 and PM2.5. The U.S. EPA and CARB periodically review new scientific data and may propose revisions to the standards as a result.

(k) "Council" means the California Strategic Growth Council, established pursuant to Public Resources Code Section 75121.

(l) "Department" means the Department of Housing and Community Development of the State of California.

(m) "Destination Transit Station/Stop" means a Transit Station located not more than thirty (30) minutes from the Transit Station/Stop that serves the Affordable Housing Development or Key Destination via public transit and involves no more than one transfer point.

(n) "Developer" means the entity responsible for the construction of an Affordable Housing Development, housing-related infrastructure or transportation-related infrastructure Capital Project.

(o) "Disadvantaged Community" means a census tract with a score in the top 25% in California Environmental Protection Agency's CalEnviroScreen tool, or provides a benefit to such areas per the California Air Resources Board's Interim Guidance on Investments to Benefit Disadvantaged Communities.

(p) Enforceable Funding Commitment" means 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), tax-exempt bonds, AHSC Program funds, construction funding issued by the Department simultaneously with the commitment of 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) 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.

(q) "Energy Efficiency" means a way of managing and restraining the growth in energy consumption.

(r) "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 between pick-up and drop-off locations according to passenger needs. Flexible Transit Service includes vanpool, shuttle and feeder bus systems.

(s) "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.

(t) "GHG Reduction" means Greenhouse Gas Reduction.

(u) "Green infrastructure" means using vegetation, soils, and natural processes (through evaporation, filtration, sequestration, reuse, runoff) to help create healthier urban environments through land and water management. At the scale of a city or county, green infrastructure refers to the patchwork of natural areas that provides habitat, flood protection, cleaner air, and cleaner water. At the scale of a neighborhood or site, green infrastructure refers to Low Impact Design and stormwater management

systems that mimic nature by soaking up and storing water, including Green Streets. Green infrastructure should be managed to maintain long-lasting benefits, which further the project's ability to safeguard against climate change.

(v) 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.

(w) "Housing Choice Voucher" means the federal government's program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments.

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

(y) "Housing-Related Infrastructure" means an 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.

(z) "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.

(aa) "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.

(bb) "Key Destination" means one or more community amenities such as schools, community centers, employment centers, retail, services, parks and other destinations.

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

(dd) "Low Impact Design (LID)" means design which controls water at the source—both rainfall and storm water runoff through a decentralized system that distributes storm water across a project site in order to replenish groundwater supplies.

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

(ff) "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.

(gg) "Moderate Income" has the meaning set forth in Health and Safety Code Section 50093.

(hh) "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*.

(ii) "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, and public drainage facilities. Non-allowed deductible areas include utility easements, setbacks, private drives and walkways, landscaping, common areas and facilities, off street parking, and drainage facilities exclusive to a development project. Mitigations required for development will not be included in the allowed deductible areas.

(jj) "NOFA" means a Notice of Funding Availability issued by the Department.

(kk) "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.

(ll) "Performance measures" means indicators of transit regarding data indicators such as accessibility, mobility choices and ridership.

(mm) "Planning Cost" means planning-related typically considered pre-development costs associated with the Capital Project.

(nn) "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.

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

(pp) "Project" means the proposed use of funds representing a combination of Capital Projects, Planning or Programs Costs which are proposed by the applicant to be funded the AHSC Program.

(qq) "Project Area" means the area encompassing the Transit Station/Stop, housing and Key Destinations.

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

(ss) "Qualifying High Quality Transit" means a Qualifying Transit line with Peak Period headway frequency of 15 minutes or less and service seven days a week. Additionally, it must operate on a railway, dedicated right-of-way, or a partially dedicated right-of-way or use High Occupancy Vehicle (HOV) or High Occupancy Toll (HOT) lanes shall qualify if at least two of the following railway related characteristics are met:

(1) middle-of-road alignment bus only lanes;
(2) off-board fare collection;
(3) intersection treatments that prohibit mixed-traffic from making turns across dedicated right-of-way;
(4) use of more limited-stop service including express service and skip-stopping;
(5) application of **Intelligent Transportation Systems** (ITS) technology such as signal priority, automatic vehicle location systems, system security, and customer information; or
(6) platform level boarding. Qualifying High Quality Transit systems may include various types of bus service, rail service, and Bus Rapid Transit (BRT) that meet these minimum requirements.

(tt) "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.

(uu) "Rail Service" means regularly scheduled public transit service running on rails or railways.

(vv) "Recipient" means the eligible applicant receiving a commitment of Program funds.

(ww) "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 55 years. 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.

(xx) "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 equivalent assurance 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.

(yy) "Substantial Rehabilitation" means a Housing Development with reasonable rehabilitation construction contract costs of at least $35,000 per residential unit. 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.

(zz) "TCAC" means the California Tax Credit Allocation Committee.

(aaa) "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 Qualifying 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.

(bbb) "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.

(ccc) Transit Station/Stop" means a designated location at which the various Qualifying Transit service(s) drop-off and pick-up riders. Qualifying Transit requires a Transit Station/Stop served by at least one (1) route departing two (2) or more times during Peak Hours. Flexible Transit Service providers are exempt from these frequency requirements.

(ddd) “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.

(eee) “Transportation-Related Infrastructure” means a Capital Project that results in the enhancement of any of the following: 1) public transit access, 2) pedestrian network, 3) bicycle network meeting specified AHSC Program transit requirements.

(fff) "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. "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.

(ggg) “Urban Greening” means the incorporation of pedestrian and bicycle trail systems, urban street canopy, drought tolerant and native species landscaping and landscape restoration, green and cool roofing, community gardens and stormwater features into public open spaces

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

(iii) “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.

(jjj) “Walkable Corridor” means the primary walkable route most likely to be taken by pedestrians travelling between two Key Destinations.

Appendix B. Examples of Eligible Costs

Figure B-1
Examples of Eligible Costs

Note: This list is not exhaustive and provides only examples of eligible costs. Please verify eligibility of proposed uses with Program Staff.		Affordable Housing Developments and Housing-Related Infrastructure	Transportation-Related Infrastructure	Planning	Active Transportation Programs	Transit Ridership Programs	**Criteria Air Pollutant** Reduction Programs
Eligible Use of Funds include, but are not limited to, the following:		Capital Projects		Planning and Programs Costs			
Housing Construction							
	Construction, rehabilitation, demolition, relocation, preservation. acquisition or other physical improvement of affordable housing	X					
	Site Acquisition or preparation costs related to a an Affordable Housing Development, including easements and rights of way	X					
Complete Streets and Non-Motorized Transportation							
	Development and/or improvement of walkways or bikeways that improve mobility, access, comfort and safety		X				
	Development or improvement of frequent and safe crossing opportunities		X				
	Sidewalk or non-capacity increasing streetscape improvements, including, but not limited to, the reconstruction or resurfacing of sidewalks and streets or the installation of lighting, signage, or other related amenities		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.enches, shade structures, etc.		X				
	Bicycle repair kiosks		X				
	Bicycle routes, lanes and paths; cycle tracks and multi-use paths		X				
	Secure bicycle storage or parking		X				

		Affordable Housing Developments and Housing-Related Infrastructure	Transportation-Related Infrastructure	Planning	Active Transportation Programs	Transit Ridership Programs	**Criteria Air Pollutant** Reduction Programs
Eligible Use of Funds include, but are not limited to, the following:		Capital Projects		Planning and Programs Costs			
	Bike Sharing infrastructure	X	X				
	Bicycle carrying structures on public transit		X				
Transit and Station Areas							
	Development of special or dedicated bus lanes		X				
	Development and/or improvement of transit facilities or stations		X				
	Necessary relocation of transportation related infrastructure or utilities		X				
	Capital purchases of transit related equipment which will increase transit service and/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 bus and transit shelters or waiting areas		X				
	Improvement or addition of lighting to a station area or pedestrian walkways		X				
	Transit ticket machine purchase or improvements		X				
	Transit passenger amenities - e.g. WiFi access		X				
	Transit Vehicle Procurement for service expansion		X				
	Station area signage		X				
	Removal of access barriers to transit stations		X				
	Safety related intersection improvements		X				
	Facilities that support pedestrian and bicycle transit		X				
Energy Efficiency, Green Building, Low Impact Design, and Urban Greening							
	Energy efficiency measures that meet or exceed Title 24 Part 6 Efficiency Standards	X	X				
	Green Building measures that meet or exceed Title 24 Part 11 Green Building Standards	X	X				

		Affordable Housing Developments and Housing-Related Infrastructure	Transportation-Related Infrastructure	Planning	Active Transportation Programs	Transit Ridership Programs	**Criteria Air Pollutant** Reduction Programs
Eligible Use of Funds include, but are not limited to, the following:		Capital Projects		Planning and Programs Costs			
	Low Impact Design measures including soil restoration and permeable surfaces, heat island mitigation (e.g. reflective and vegetated surfaces, shade canopy), rainwater recycling, flow and filtration systems including rain gardens, stormwater planters and filters, vegetated swales, bioretention basins, infiltration trenches and integration with riparian buffers						
	Tree Canopy and Shade trees along walkable and bikeable corridors						
	Community demonstration or outdoor education gardens or orchards	X	X				
	Creation, development or rehabilitation of parks and open space	X	X				
Pre-Development Costs Related to Project Implementation							
	Analysis to update adopted General or Specific/Area Plan, zoning ordinances, etc. which are required to implement a capital project			X			
	Implementation of anti-displacement strategies			X			
Programs							
	Pedestrian and bicycle safety education programs				X		
	Development and publishing of community walking and biking maps, include 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 programs				X		
	Ride and/or car share programs						
	Transit subsidy programs					X	

		Affordable Housing Developments and Housing-Related Infrastructure	Transportation-Related Infrastructure	Planning	Active Transportation Programs	Transit Ridership Programs	**Criteria Air Pollutant** Reduction Programs
Eligible Use of Funds include, but are not limited to, the following:		Capital Projects		Planning and Programs Costs			
	Education and marketing of transit subsidy programs					X	
	Transportation Demand Management (TDM) programs					X	
	Outreach and marketing of Consolidated Transportation Service Agency (CTSA) programs					X	
	E-Mobility programs which include the expansion or development of internet based applications that allow customers, clients and/or the public to conduct transactions online, circumventing vehicle travel						X

Appendix C. Project Location Designations

Note: Information below is to be used exclusively for determining minimum net density requirements for Affordable Housing Development to be consistent with the requirements of Section 103(a)(1)(A)(iv)

Figure C-1
Project Location Designation Definitions

Rural	Suburban	Urban
Jurisdictions (cities/counties) located within Non-Metropolitan Counties	Jurisdictions (cities/counties) located within a Metropolitan Statistical Area (MSA) with a population of less than 2 million ***unless*** a **city** has a population of greater than 100,000 in which case it would be considered Urban	Jurisdictions (cities/counties) located within a Metropolitan Statistical Area (MSA) with a population of more than 2 million ***unless*** a **city** has a population of less than 25,000 in which case it would be considered suburban

For the purposes of determining **AHSC Program**-required **Affordable Housing Development** densities, **Localities** identified as "at least 10 units per acre" in the document above are required to have densities equal to or greater than 15 units per acre as detailed in Section 103(a)(1)(A)(iv). Detailed information on required densities by Locality is available on the Department's website (http://www.hcd.ca.gov/hpd/Default_2010census_update.pdf).

Appendix D.
Greenhouse Gas Quantification Methodology for the Strategic Growth Council's Affordable Housing and Sustainable Communities Program for Fiscal Year 2014-15

January 9, 2015

Introduction

The California Air Resources Board (ARB) is responsible for providing the quantification methodology to estimate GHG emission reductions from projects receiving monies from the Greenhouse Gas Reduction Fund (GGRF). For the SGC's AHSC Program, ARB staff has developed GHG emission reduction quantification methodology to be used by grant applicants to estimate proposed project GHG emission reductions for Fiscal Year (FY) 2014-15 funds.

This methodology uses currently available tools to estimate the changes in VMT and GHG emission reductions based on specific land use and transportation characteristics of the proposed project. These tools include select components of the "California Emissions Estimator Model" (CalEEMod) and portions of the "Methods to Find the Cost-Effectiveness of Funding Air Quality Projects for Evaluating Motor Vehicle Registration Fee Projects and Congestion Mitigation and Air Quality Improvement Projects" (CMAQ Methods).

Methodology Development

For the first year (FY 2014-15) of the AHSC Program, ARB and SGC staff followed a set of principles to guide the development of the quantification methodology.

These principles ensure that the methodology for AHSC projects would:

- Apply at the project-level
- Align with the project types proposed for funding with the AHSC program
- Provide uniform methodologies that can be applied statewide, and be accessible by all applicants
- Estimate GHG emission reductions from a discrete list of VMT reduction measures
- Use existing and proven tools or methodologies where available
- Reflect relationships between VMT and GHG reduction that are supported by empirical literature.

CalEEMod and the CMAQ Methods fit these objectives. They provide a uniform methodology to quantify VMT and GHG emission reductions from individual project proposals based on established modeling techniques.

Tools

CalEEMod is a robust land use emissions calculator tool designed to quantify GHG emissions and criteria air pollutants associated with land use development projects, including transit-oriented developments and mixed-used developments. The methodology uses proposed project information as inputs to CalEEMod to define the project characteristics, including land use, and evaluate mitigation measures to estimate GHG emission reductions. For the purposes of the AHSC Program, the use of CalEEMod is limited to specific functions related to VMT reduction measures. Program screens for calculating construction, energy, and water-related emissions are not used.

CalEEMod is used by municipal lead agencies to evaluate the GHG emissions and criteria air pollutants of land use development projects and plans pursuant to California Environmental Quality Act (CEQA), National Environmental Protection Act (NEPA), and for compliance with local air quality rules and regulations. The CalEEMod calculations are "state-of-the-practice" and supported by academic research, including contributions by California Air Pollution Control Officers Association (CAPCOA), ARB, United States Environmental Protection Agency, and others.

CalEEMod includes a suite of twenty-five VMT reduction measures that will be used in the quantification methodology for the AHSC Program. A complete listing of the CalEEMod VMT reduction measures included in the methodology can be found in Attachment 1.

The CMAQ Methods were developed by ARB and the California Department of Transportation to evaluate the cost-effectiveness of certain types of transportation projects. They are currently used statewide by transportation agencies and others to evaluate **Criteria Air Pollutant** emission reductions from transportation projects competing for State motor vehicle fee and federal CMAQ funding. The quantification methodology uses portions of the CMAQ Methods for the AHSC Program. In particular, the CMAQ Methods will be used for operation of new bus service, vanpools and shuttles, and bicycle facilities that serve a larger area or population outside of a defined project site, or projects that contain features not included in CalEEMod.

Both CalEEMod and the CMAQ Methods are actively used statewide and are publicly available. The tools and documentation are free of charge and readily available to anyone with internet access. Both tools use on-road vehicle GHG emission factors from the ARB Mobile-Source Emission Factor model (EMFAC 2011), and provide an accurate method for quantifying air quality impacts from land use and transportation projects throughout California

Method Applicability

The AHSC Program identifies two project types: Transit Oriented Development (TOD) and Integrated Connectivity Projects (ICP). For GHG quantification purposes, the TOD projects will primarily use CalEEMod, whereas ICP projects will primarily use the CMAQ Methods. For some projects, it may be appropriate to use both tools.

The following table lists the most common project types SGC expects to receive in the AHSC Program, and identifies which quantification tool would likely be used.

Figure D-1
Example Project Types and Quantification Tool

Project Type	CalEEMod	CMAQ Methods
Transit-oriented development	X	
Mixed use development	X	
Active transportation (pedestrian facilities)	X	
Transit and commute improvements (e.g., transit subsidy) associated with housing or other land use development	X	
Regional transit projects (e.g., new bus service, vanpools) not associated with housing or other land use development		X
Bicycle facility		X

For both tools, project specific characteristics are combined with default data to establish an initial case and a project case. The initial case represents the GHG emissions that would have occurred if the project did not implement VMT reduction measures. The project case represents the GHG emissions including the VMT reduction measures. The difference between the initial case and project case is the quantified GHG emission reductions from the proposed project's VMT reduction measures.

Data Inputs

The methodology requires data associated with the land use characteristics and VMT reduction measures included in a proposed project, and those data should be readily available in the project application. The following tables provide examples of the measures and associated data inputs needed for the CalEEMod and CMAQ Methods. The quantification methodology for the AHSC Program includes additional detailed, step-by-step instructions for using the appropriate portions of both CalEEMod and the CMAQ Methods (see Attachment 2).

Figure D-2
Examples of CalEEMod VMT Reduction Measures and Data Inputs

VMT Reduction Measures	Required Data Inputs
Increase Density	Dwellings units per acre
Improve Destination Accessibility	Miles to Central Business District
Increased Transit Accessibility	Miles from nearest stop
Below-Market Rate (BMR) Housing	Percentage of BMR housing units

Note: To provide for consistent and transparent quantification for AHSC applications, applicants are required to use the default assumptions for travel activity in CalEEMod.

Figure D-3
Examples of CMAQ Methods VMT Reduction Measures and Data Inputs

VMT Reduction Measures	Required Data Inputs
Replacement of Auto Trips with Transit Trips (New bus service or Vanpools and Shuttles)	Number of operating days per year
	Average daily ridership of new service
	Average length of auto trips replaced
	Percent of riders driving to bus (or vanpool) service
	Daily VMT for new bus (or shuttle) service
Active Transportation Projects with Bicycle Facilities	Number of operating days per year
	Average length of bicycle trips
	Average daily traffic volume on roadway parallel to bicycle infrastructure project
	Length of bicycle path or lane
	City population
	Project class (1 or 2)*
	Types of activity centers in the vicinity of the bicycle project
	Length of bicycle path or lane

*Class 1 facilities are paths that are physically separated from motor vehicle traffic; Class 2 facilities are striped bicycle lanes.

<u>Quantification Methodology Outputs</u>

The methodology results in GHG emissions outputs in metric tons (MT) of CO_2e per year for the first full year of operation as well as over the project life. For AHSC Program application scoring purposes, the applicant will report results as:

$$MTCO_2e \text{ / GGRF \$ requested}$$

The documentation applicants will be required to provide include such things as:

- CalEEMod input and output files
- Documentation of calculations (spreadsheets, etc.)
- A list of the VMT-reduction measures used in the proposed project
- The initial case emissions

- The project case emissions
- The GHG emission reductions for the first full year and over the project life
- The amount of GGRF funds requested for the project

Technical Assistance

ARB staff will be available to answer applicant questions and provide technical assistance in using the quantification methodology for Transit Oriented Developments and Integrated Connectivity Project applications. ARB staff will also review the quantification portions of the project applications to ensure that the tools and methodologies outlined in this document were properly applied to estimate the GHG emission reductions for the proposed project.

Supporting Resources

CalEEMod:
The CalEEMod website, located at http://www.caleemod.com/ includes the following:

- Downloadable CalEEMod model
- Downloadable User's Guide including "User's Tips"
- Webcast archives of a 2014 workshop presentation and example project
- FAQs

CMAQ:
The CMAQ methodology documentation is available at http://www.arb.ca.gov/planning/tsaq/eval/mv_fees_cost-effectiveness_methods_may05.doc

The EMFAC 2011 database is available at http://www.arb.ca.gov/emfac/

NOTE: Attachment 2 contains detailed instructions for using the appropriate portions of both CalEEMod and the CMAQ methods, including how to obtain the GHG emission factors from EMFAC 2011.

Attachment 1
CalEEMod's "Land Use & Site Enhancement" and "Commute" VMT-Reduction Measures

CalEEMod's "Land Use & Site Enhancement" VMT-Reduction Measures

ID	VMT Reduction Measure	Description	Project Specific Data Inputs Required by CalEEMod
Land Use & Site Enhancement Measures			
LUT-1	Increase Density	Project more dense (housing or jobs) than typical developments	Dwelling units per acre or jobs per job acre
LUT-3	Increase Diversity	Different types of land uses are near each other	Project land use types
LUT-9	Improve Walkability Design	Walkable street network	Intersections per square mile
LUT-4	Improve Destination Accessibility	Project close to regional employment or destination center	Distance to downtown or job center (miles)
LUT-5	Increase Transit Accessibility	Project near high-quality transit	Distance to transit station (miles)
LUT-6	Integrate Below Market Rate Housing	Incorporates affordable housing	Percentage of units that are affordable
Neighborhood Enhancement Measures			
SDT-1	Improve Pedestrian Network	On-site pedestrian access network links all of project internally and externally	Designate if improvements are "Project Site" only or "Project Site and Connecting Off-Site"
SDT-2	Provide Traffic Calming Measures	Projects streets and intersections feature traffic calming features	% streets With improvements and % intersections with improvements
SDT-3	Implement NEV Network	Project provides a viable NEV network	NEV per household
Parking Policy/Pricing Measures			
PDT-1	Limit Parking Supply	Parking supply below ITE rates	% reduction in spaces
PDT-2	Unbundle Parking Costs	Parking cost separate from property costs	Monthly parking cost ($)
PDT-3	On-Street Market Pricing	On-street parking utilizes market-rate pricing (such as meters)	% increase in price
Transit Improvement Measures			
TST-1	Provide BRT System	Establish a Bus Rapid Transit line with permanent operational funding stream	% lines BRT
TST-3	Expand Transit Network	Establishes or enhances bus line with permanent operational funding stream	% increase transit coverage
TST-4	Increase Transit Frequency	Reduces headways of existing transit	Level of implementation % reduction in headway

CalEEMod's "Commute" VMT-Reduction Measures

ID*	VMT Reduction Measure	Description	Project Specific Data Inputs Required by CalEEMod
Commute Trip Measures			
TRT-1&2	Implement Trip Reduction Program	TMA membership or other comprehensive services	% employee eligible and program type
TRT-4	Transit Subsidy	Proponent subsidizes sustainable modes of transportation	% employee eligible and daily transit subsidy amount ($)
TRT-15	Implement Employee Parking "Cash-Out"	Employer provides cash-value of a parking space to employees who do not use one	% employee eligible
TRT-14	Workplace Parking Charge	Charge employees for their parking	% employee eligible and daily parking charge ($)
TRT-6	Encourage Telecommuting and Alternative Work Schedules	Allow/require 9/80s, 4/10, and telecommuting	% employee work 9/80, % employee work 4/40, % employee telecommute 1.5 days
TRT-7	Market Commute Trip Reduction Option	Market sustainable travel options	% employee eligible
TRT-11	Employee Vanpool/Shuttle	Provide employer-sponsored vanpool or shuttle program	% employee eligible, %vanpool mode share
TRT-3	Provide Ride Sharing Program	Establish a carpooling program with associated infrastructure	% employee eligible
School Trip Measures			
TRT-13	School Bus Program	Restore or expand school bus service	% family using

Attachment 2
Detailed Instructions for Use of CalEEMod and CMAQ Methods

NOTE:
Detailed instructions for using the appropriate portions of both CalEEMod and the CMAQ methods, including how to obtain the GHG emission factors from EMFAC 2011 will be included prior to consideration by the SGC on January 20, 2015.

Appendix E. Co-Benefits

In order to maximize public health and safety, economic, and environmental co-benefits to all communities served by the **AHSC Program**, all applicants are required to describe and quantify the co-benefits of the **Project** according to Section 107(j). The following resources should be used as a starting point for describing the co-benefits of the **Project**.

Identification of Co-Benefits

Figure E-1 below is excerpted from ARB's Interim Guidance on **Disadvantaged Communities** (Table 3, page 19)[5] and provides a list of commonly identified **Disadvantaged Community** needs. Figure E-2 below was developed by the California Health in All Policies Task Force as part of the Healthy Community Indicators Project[6] and provides an additional set of potential co-benefits that may be associated with a proposed project.

These tables should be used as a starting point in identifying potential co-benefits of the proposed **Project**. The applicant should identify the estimated timeframe in which these co-benefits will be provided.

Figure E-1 **Illustrative Examples of Common Needs of Disadvantaged Communities (as identified by Community Advocates)**
Public Health and Safety Co-Benefits: 1. Reduce health harms (e.g., asthma) suffered disproportionately by low-income residents/communities due to air pollutants 2. Reduce health harms (e.g., obesity) suffered disproportionately by low-income residents/communities due to the built environment (e.g., by providing active transportation opportunities, parks) 3. Increase community safety 4. Reduce heat-related illnesses and increase thermal comfort (e.g., weatherization and solar energy can provide more efficient and affordable air conditioning; urban forestry can reduce heat-island effect)
Economic Co-Benefits: 1. Create quality jobs and increase family income (e.g., targeted hiring for living wage jobs that provide access to health insurance and retirement benefits with long-term job retention) 2. Increase job readiness and career opportunities (e.g., workforce development programs, on-the-job training, industry-recognized certifications) 3. Revitalize local economies (e.g., increased use of local businesses/small businesses) 4. Reduce housing costs (e.g., affordable housing) 5. Reduce transportation costs (e.g., free or reduced cost transit passes) and improve access to public transportation (e.g., new services in under-served urban and rural communities) 6. Reduce energy costs (e.g., weatherization, solar, etc.) 7. Improve transit service levels and reliability on systems/routes that have high use by

[5] http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/535investments.htm
[6] http://www.cdph.ca.gov/programs/Pages/HealthyCommunityIndicators.aspx#HealthyCommFramwk

low-income riders 8. Bring jobs and housing closer together (e.g., affordable housing in transit-oriented development, and in healthy, high-opportunity neighborhoods)
Environmental Co-Benefits: 1. Reduce exposure to local toxic air contaminants (e.g., provide a buffer between bike/walk paths and corridors with high levels of transportation pollution) 2. Prioritize zero-emission vehicle projects for areas with high diesel air pollution

The Healthy Community Framework was developed through a consensus process between 19 State agencies, departments, and offices, with significant input from public stakeholders across California including local health departments, community organizations, academics, advocates, and residents. Each item on the framework is a potential co-benefit, and each is tied to specific indicators that are part of the SGC/CDPH Healthy Community Indicators Project.

Figure E-2
Healthy Communities Framework

A Healthy Community provides for the following through all stages of life:

►Meets basic needs of all

- Safe, sustainable, accessible and affordable transportation options
- Affordable, accessible and nutritious foods and safe drinkable water
- Affordable, high quality, socially integrated and location-efficient housing
- Affordable, accessible and high quality health care
- Complete and livable communities including quality schools, parks and recreational facilities, child care, libraries, financial services and other daily needs
- Access to affordable and safe opportunities for physical activity
- Able to adapt to changing environments, resilient, and prepared for emergencies
- Opportunities for engagement with arts, music and culture

►Quality and sustainability of environment

- Clean air, soil and water, and environments free of excessive noise
- Tobacco- and smoke-free
- Green and open spaces, including healthy tree canopy and agricultural lands
- Minimized toxics, greenhouse gas emissions and waste
- Affordable and sustainable energy use
- Aesthetically pleasing

►Adequate levels of economic, social development

- Living wage, safe and healthy job opportunities for all, and a thriving economy
- Support for healthy development of children and adolescents
- Opportunities for high quality and accessible education

►Health and social equity

►Social relationships that are supportive and respectful

- Robust social and civic engagement
- Socially cohesive and supportive relationships, families, homes and neighborhoods

►Safe communities, free of crime and violence

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In addition to identifying the public health and safety, economic, and environmental co-benefits, project applicants should also identify how the project and the co-benefits it provides are resilient to the effects of a changing climate and how the project makes the community better suited to deal with potential future risks, like sea-level rise, extreme heat, decreased water supply, and more intense and frequent floods and fires.

For example, project elements such as water conservation and recycling, use of natural infrastructure to address changing hydrological systems, and the integration of cooling materials and shade canopies should be identified with information on how the safeguarding potential of those co-benefits will be provided over the project life. For more information on Climate Resiliency, please see Appendix F.

Description of who will Benefit and how the Co-Benefit Addresses an Identified Need in the Project Area

The applicant should consider and identify the recipients who will directly benefit from the proposed project, such as specific **Disadvantaged Communities** as identified by CalEPA or the **Vulnerable Populations** served by the Project. When completing the co-benefits section of the application, the applicant should identify the **Disadvantaged Community**, **Vulnerable Population**, or other community the co-benefits will be provided to.

The application should also outline how the co-benefit addresses an identified need of the populations served by the **Project**. Ideally, **Projects** should result in co-benefits that either address an important need commonly identified by **Disadvantaged Community** residents (as mentioned above), address a key factor that caused the area(s) to be identified as a **Disadvantaged Community** (e.g., unemployment levels or poor air quality), provide co-benefits that improve a Healthy Communities Indicator, or provide a direct benefits to a **Vulnerable Population**.

For example, this can be accomplished by a project that directly addresses a key factor that caused an area to be identified as a disadvantaged community or vulnerable population– such as unemployment levels or poor air quality – in the first place.

Vulnerable Populations include, but are not limited to:

- Lower-Income Households*
- Children*
- Elderly*
- Unemployed Individuals*
- Individuals with low educational attainment*
- Individuals who are limited-English proficient**
- Individuals with chronic diseases***
- Individuals with physical or mental disabilities
- Immigrants and refugees

* *Included in the composite ranking of CalEnviroScreen 2.0*

** *Included in the composite ranking of CalEnviroScreen 2.0 as "Linguistic isolation"*

*** *Conditions related to specific chronic disease included in CalEnviroScreen 2.0, "Asthma emergency department visits" and "Low birth-weight infants."*

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Data that describes the baseline conditions on the co-benefit (i.e. to confirm that there is a need to be addressed)

The following tools are available to help an applicant identify the baseline conditions of a community receiving the project co-benefits:

- ***Disadvantaged Communities*** *and CalEnviroScreen* - Identification of **Disadvantaged Communities** is based on geographic, socioeconomic, public health, and environmental hazard criteria and utilizes the CalEnviroScreen tool, which includes "burden of pollution" indicators, such as exposures and environmental effects, and "population characteristics," such as sensitive population and socioeconomic factors.
  - ✓ http://oehha.ca.gov/ej/ces2.html
  - ✓ http://www.calepa.ca.gov/EnvJustice/GHGInvest/
  - ✓ http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/535investments.htm

- *Healthy Communities Data and Indicators Project (HCI)* - This framework was developed by the Health in All Policies Task Force with extensive public discussion and input from community stakeholders and public health organizations. The framework identifies 20 key attributes of a healthy communities and provides data, statistical measures, and for planning healthy communities and evaluating the impact of plans, projects, policy, and environmental changes on community health.
  - ✓ http://www.cdph.ca.gov/programs/Pages/HealthyCommunityIndicators.aspx#HealthyCommFramwk

Citation and summary of the findings of the peer reviewed or government research (including date of publication) that demonstrates the strategy used will support the achievement of the co-benefit

SGC is reviewing resources that are publicly available to support co-benefits determination. Some preliminary resources include:

- ARB Sustainable Communities Research: http://www.arb.ca.gov/research/sustainable/sustainable.htm
- US EPA Smart Growth Portal: http://www.epa.gov/smartgrowth/

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Appendix F. Climate Resiliency

The State of California is dedicated to safeguarding public health and safety of its citizens, the economy, and the environment by increasing many measures of resiliency to climate change. The AHSC Program supports the goals of the Safeguarding California Plan and the State of California Sea-Level Rise Guidance document.

Technical resources for proposed projects to address climate resiliency measures can be found in the following documents:

Safeguarding California Plan http://resources.ca.gov/docs/climate/Final_Safeguarding_CA_Plan_July_31_2014.pdf
The Safeguarding California Plan provides policy guidance for state decision makers, and is part of continuing efforts to reduce impacts and prepare for climate risks. This plan, which updates the 2009 California Climate Adaptation Strategy, highlights climate risks in nine sectors in California, discusses progress to date, and makes realistic sector-specific and cross-sector recommendations. ▪ Agriculture ▪ Biodiversity and Habitat ▪ Emergency Management ▪ Energy ▪ Forestry ▪ Ocean and Coastal Ecosystems and Resources ▪ Public Health ▪ Transportation ▪ Water
California Adaptation Planning Guide: Planning for Adaptive Communities http://resources.ca.gov/docs/climate/01APG_Planning_for_Adaptive_Communities.pdf
This document presents the basis for climate change adaptation planning and introduces a step-by-step process for local and regional climate vulnerability assessment and adaptation strategy development. All communities seeking climate adaptation planning guidance should start with this document.
State of California Sea-Level Rise (SLR) Guidance Document http://www.opc.ca.gov/webmaster/ftp/pdf/docs/2013_SLR_Guidance_Update_FINAL1.pdf
The California Ocean Protection Council adopted a 2011 resolution stating that state agencies, as well as non-state entities implementing projects or programs funded by the state or on state property, should incorporate consideration of the risks posed by SLR into all decisions regarding areas or programs potentially affected by SLR. The resolution also states that state agencies should carefully invest public funds and incentivize SLR risk reduction by following the recommendations within this resolution when providing funding to non-state entities, to the extent permissible by law. This SLR Guidance Document provides guidance for incorporating sea-level rise (SLR) projections into planning and decision making for projects in California. Additional Planning Considerations Concerning SLR include but are not limited to: ▪ Storms and Extreme Events ▪ Changing Shorelines ▪ Changes in Tectonic Activity ▪ Trends in Local Sea Level

Cal-Adapt www.cal-adapt.org
Cal-Adapt is a web-based climate adaptation planning tool. Cal-Adapt allows the user to identify potential climate change risks in specific geographic areas throughout the state. Users can either query by location, or click on an interactive map to explore what climate impacts are projected to occur in their area of interest.
Addressing Climate Change Adaptation in Regional Transportation Plans http://www.dot.ca.gov/hq/tpp/offices/orip/climate_change/documents/FR3_CA_Climate_Change_Adaptation_Guide_2013-02-26_.pdf#zoom=65
This document provides a clear methodology for regional agencies to address climate change impacts through adaptation of transportation infrastructure. The purpose of this manual is to expand knowledge and develop tools that will assist California MPOs and RTPAs with incorporating climate change impacts into planning, design, engineering, and operational decisions.
Guidance for Incorporating Sea Level Rise in the Project Initiation Document Process http://www.dot.ca.gov/hq/tpp/offices/orip/climate_change/documents/guide_incorp_slr.pdf#zoom=65
The Caltrans has developed a guidance document for incorporating sea level rise into the transportation project planning process. The documents include technical guidance for the engineering design and a planning level document to determine what projects should consider sea level rise. This guidance begins to incorporate sea level rise into the planning and design of projects vulnerable to the effects of sea level rise. The guidance provides sea level rise assumptions for the state along with criteria for determining when sea level rise should be incorporated into projects.
Other Resources related to Adaptation Planning and Implementation
▪ Climate Action for Health: Integrating Public Health into Climate Action ▪ California Multi-Hazard Mitigation Plan 2013 ▪ Preparing California for Extreme Heat 2013 ▪ California Local Energy Assurance Planning (CaLEAP) Tool -The CaLEAP program is a California Energy Commission-sponsored project to assist local governments in preparing plans to ensure that key assets are resilient to disaster events that impact energy and help local governments develop Energy Assurance Plans (EAPs). ▪ CalEMA's MyPlan - MyPlan is a map service designed to be a simple interface to California natural hazard data products. ▪ CalEMA's MyHazards - a map service designed to identify hazards that exist in your area and learn how to reduce risks.

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Appendix G. FY 2014-2015 Greenhouse Gas Reduction Fund Programs

Figure G-1

Category	Department	Program	2014-15
Sustainable Communities and Clean Transportation	High-Speed Rail Authority	High-Speed Rail Project	$250 m
	State Control Office/ Caltrans	Low Carbon Transit Operations Program	$25 m
	Transportation Agency/ Caltrans	Transit and Intercity Rail Capital Program	$25 m
	Strategic Growth Council	***Affordable Housing and Sustainable Communities (AHSC) Program***	***$130 m***
	Air Resources Board	Low Carbon Transportation	$200 m
Energy Efficiency and Clean Energy	Dept. of Community Services and Development	Energy Efficiency Upgrades/Weatherization	$75 m
	Energy Commission	Energy Efficiency for Public Buildings	$20 m
	Dept. of Food and Agriculture	Agricultural Energy and Operational Efficiency	$15 m
Natural Resources and Waste Diversion	Dept. of Fish and Wildlife	Wetlands and Watershed Restoration	$25 m
	Dept. of Forestry and Fire Protection	Fire Prevention and Urban Forestry Projects	$42 m
	Cal Recycle	Waste Diversion	$25 m
		TOTAL	**$832 m**

September 2014 Draft Guidelines	January 2015 Final Draft Guidelines
Section 100: Purpose and Scope	
	• No Changes
Section 101 AHSC Program Overview	
	• Provides clearer summary of statutory mandate, AHSC Program, and implementation
Section 102: Eligible Projects	
	• Provides clearer description of Project Area requirements • Defines Project Area with fixed transit routes as a 1 mile radius from transit • Removes specific transit mode requirements for TOD and ICP Project Areas and defined High Quality Transit based on headway times during peak hours, regardless of mode of transit, for TOD Project Areas.
Section 103: Eligible Costs	

• Described broader categories of "Capital and Program Uses"	• Restructures "Capital and Program Uses" to reflect costs associated with eligible costs.
	  ○ Clarifies definitions of eligible costs: 1) Capital Projects and 2) Planning and Program Costs
	  ○ Incorporates previous "Green Infrastructure" category into eligible costs for all Capital Projects, specifically related to energy efficiency, low impact design, and urban greening improvements.
	• Affordable Housing-Development Capital Costs
	  ○ Deletes minimum project size/unit requirements, references to Metropolitan and Non-Metropolitan Areas
	  ○ Reduces minimum net density requirements to reflect State default densities

(Note: This list is not inclusive of all changes proposed in the January 2015 Final Draft Guidelines)

September 2014 Draft Guidelines	January 2015 Final Draft Guidelines
Section 103: Eligible Costs (Continued)	

	• Transportation-Related Infrastructure Capital Projects
	  ○ Inclusive of Active Transportation and Transit-Related costs
	  ○ Includes capital improvements which improve 1) public transit access; 2) pedestrian network; and 3) bicycle network.
	  ○ Increases limit on Impact fees from $200,000 to $300,000 not to exceed 15% of award
	  ○ Limits eligible soft costs for housing-related and transportation infrastructure at no more than 10% of award
	• Program Costs
	  ○ Allows operation costs for the term of the grant only
	• Former "Table 5" moved to Appendix B for illustrative purposes

Section 104: Assistance Terms and Limits	
• Program Award Limits: Section 104 (c): "The maximum Program award within a geographic boundary for a Locality is limited to $15 million…A single Project Area cannot receive more than one award. A single developer may receive no more than $15 million per NOFA funding cycle." • Planning Costs: no limit • Program Costs: Total grant amount for a Program Cost shall note exceed 10% of the total request. • Transportation-Related Infrastructure: total transportation or transit-related and/or green infrastructure grant shall not exceed 50% of the total Capital Use project budget	• Award Limits for Localities and Developers may be waived to meet statutorily-required Affordable Housing and Disadvantaged Community set-asides. • Deletes restriction on awards per Project Area • For multi-phased projects, GHG reductions are measured only for the phase funded • Affordable Housing Development loans: ○ Allows Development receiving 4% tax credits to add $30,000 per Restricted Unit for loan limit calculation • Planning Costs: Total grant amount cannot exceed 15 percent of the request, or $250,000 • Program Costs: Total grant amount within a Project Area cannot exceed 30 percent of the request, or $500,000 • Transportation-Related Infrastructure: Limit removed.

(Note: This list is not inclusive of all changes proposed in the January 2015 Final Draft Guidelines)

September 2014 Draft Guidelines	January 2015 Final Draft Guidelines
Section 105: Eligible Applicants and Application Process	
• Defines Eligible Applicants as: "a Public Agency that has jurisdiction over the Project Area…either by itself or jointly with any of the following applicants…" (Section 105 (a)) • Public Agency required for all Applications	• Provides clearer and expanded description of Eligible Applicants to reflect applicants with eligible projects ○ Includes Regional Transportation Planning Agencies, local Transportation Commissions, Joint Powers Authorities; Congestion Management Agencies • Clarifies required role of Public Agency ○ Not required unless there is a financial or real property interest of a Public Agency in proposed project. • Details required contents of Concept Proposal (Figure 5, p 19) • Provides review criteria for Concept Proposals • Deletes optional site visit as part of the review process • Clarifies application review process (Figure 7, p 23) • Incorporates information on Metropolitan Planning Agency role during the review process
Section 106: Application Threshold Requirements	
	• Clarifies programmatic thresholds related to project readiness • Adds requirements that the project demonstrate that climate adaptation measures and are integrated into the project, and if applicable, that impacts of sea level rise are identified • Must demonstrate that the costs for any Project will not result in loss or conversion of agricultural land for other uses • Removes minimum point requirements for TOD and ICP project areas • Removes minimum point scores for Program Uses – covered in scoring criteria • Reflects CalEPA identification of Disadvantaged Communities and ARB guidance on benefits to Disadvantaged Communities

(Note: This list is not inclusive of all changes proposed in the January 2015 Final Draft Guidelines)

September 2014 Draft Guidelines	January 2015 Final Draft Guidelines
Section 107: Application Selection Criteria	
Previous Criteria 'Buckets', with 17 Criteria - Feasibility and Readiness - Connectivity and Improved Access - Community Orientation No scoring values associated with any criteria.	• Revised Criteria 'Buckets', with 12 Criteria ○ GHG Emissions Reduction – 55% of total score ○ Feasibility and Readiness - 15 % of total score ○ Policy Considerations – 30% of total score • Removal of criteria or requirements that can be captured by GHG metric: ○ Proximity to Transit Supportive Land Uses ○ Increase Public Transit Ridership ○ Parking, Transit Passes, Car Sharing, EV Charging Stations • Removes criteria or points related to requirements which do not apply to all types of transit and place types, or were deemed too prescriptive, including: ○ Specific and restrictive amenities list (replaced with more inclusive "Key Destinations" term) ○ Implementing a Transportation Demand Management Strategy ○ On time performance, accident data, and maintenance data points for transit ○ Electronic user information • Feasibility and Readiness: adds new criteria for development experience and past performance for Capital Projects • Anti-Displacement Criteria: applies to all applications • Co-Benefit Criteria: points awarded for including up to 3 co-benefits • Streamlined/Removed: ○ Community Greening and Natural Resource Conservation: eligible as a fulfilling co-benefit criteria ○ Leverage of other GGRF Programs: covered in Capital Project Funds Leveraged Criteria ○ Location Affordability Index: not applicable to AHSC Program

(Note: This list is not inclusive of all changes proposed in the January 2015 Final Draft Guidelines)

September 2014 Draft Guidelines	January 2015 Final Draft Guidelines
Section 108: Criteria Applicability Based on Proposed Project	
	• Amended to reflect changes to criteria
Section 109: Legal Documents	
	• No major changes
Section 110: Reporting Requirements	
	• No major changes
Section 111: Performance Requirements	
	• Deletes disbursement extension deadline option. AHSC Program funds are limited by the requirements of the 2014-15 Budget Act.
Section 112: Default and Cancellations	
	• No major changes
Section 113: Prevailing Wages	
	• No major changes
Appendix A: Definitions	
	• Clarifies and streamlines duplicative, unnecessary, and unused terms. • Removal of Transportation related requirements that do not apply to all types of transit and place types ○ Flexible Transit projects and other transit projects without land use components are exempt from land use related criteria • See table below for clarification on streamlined transit and transportation definitions

(Note: This list is not inclusive of all changes proposed in the January 2015 Final Draft Guidelines)

STREAMLINED CHANGES TO TRANSPORTATION- and TRANSIT-RELATED DEFINITIONS		
Original Terms	New Terms (Please refer to Appendix A for detail)	Explanation
Major Transit Stop Transit Station Transit Stop Qualifying Transit Station Destination Transit Station Bus Transfer Station Bus Hub	Transit Station/Stop Destination Transit Station/Stop	The new Station/Stop definitions allow for greater flexibility of stop characteristics and service, relying on the "Qualifying Transit" definitions to ensure applicants meet project requirements.
Publicly Subsidized Transit Qualifying High Quality Transit Qualifying Transit Transit	Qualifying High Quality Transit Qualifying Transit	The new Transit definitions explicitly define what types of transit qualify based on characteristics rather than transit type names.
High Speed Rail Commuter Rail Light Rail Express Bus Bus Bus Rapid Transit (BRT) Feeder Transit System Vanpools Shuttles	Rail Service Bus Service Bus Rapid Transit (BRT) Flexible Transit Service	The definitions for transit types have been simplified into four categories to avoid confusion that may arise based on the use of various transit service names by different regions.
Major Transit Corridor Transit Corridor	Transit Corridor	Much like the Station/Stop definitions, a Transit Corridor no longer has differentiating characteristics based on what kind of transit it serves, that differentiation is done in the Qualifying Transit definition itself.

(Note: This list is not inclusive of all changes proposed in the January 2015 Final Draft Guidelines)

September 2014 Draft Guidelines	January 2015 Final Draft Guidelines
Appendices B-G (formerly Appendices B-D)	
	Added Appendices: - Appendix B: Examples of Eligible Costs - Appendix C: Project Location Designations - Appendix D: GHG Quantification Methodology - Appendix E: Co-Benefits - Appendix F: Climate Resiliency

(Note: This list is not inclusive of all changes proposed in the January 2015 Final Draft Guidelines)

Public Comment Letters by Organization: Table of Contents

(To View the letters, click: http://sgc.ca.gov/s_ahscpubliccommentletters.php)

A Community of Friends/NeighborWorks (ACOF)
Abode Communities
Affirmed Housing
Alameda County Housing and Community Development Department
Alameda-Contra Costa Transit District (AC Transit)
Alliance for Regional Collaboratives for Climate Adaption (ARCCA)
Association of Monterey Bay Area Governments (AMBAG)
Benicia, City of
Bernick,Michael (Former BART Director)
Burbank Housing Development Corporation
Butte County Association of Governments (BCAG)
C&C Development
Cabrillo Economic Development Corporation (CEDC)
California Association for Coordinated Transportation (CalACT)
California Association of Councils of Governments (CalCOG)
California Association of Housing Authorities (CAHA)
California Bicycle Coalition
California Building Industry Association (CBIA)
California Climate and Agriculture Network (lead along with American Farmland Trust, other stakeholders)
California Coalition for Rural Housing
California Housing Consortium
California Housing Partnership Corporation (CHPC)
California Infill Builders Federation
California Intercity Passenger Rail Leadership Coalition
California Rural Legal Assistance
California State Association of Counties (CSAC)
California State Treasurer Bill Lockyer (CTCAC/CDLAC)
California Transit Association (CalTransit)
Capital Region Climate Readiness Collaborative
Center for Creative Land Recycling (CCLR) and SF Housing Action Coalition
Century Housing Corporation
Christian Church Homes (CCH)
City of San Buenaventura Housing Authority
City/County Association of Governments of San Mateo County (C/CAG)
Clifford Beers Housing
Coalition for Active Transportation Leadership (California Walks, CA Bicycle Coalition, Safe Routes to Schools (SRTS) National Partnership, etc.)
Community Corporation of Santa Monica
Community Economics
Community Housing Development Corporation of North Richmond
Community Housing Partnership

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Community HousingWorks
Contra Costa County Department of Conservation and Development
Corporation for Supportive Housing (CSH)
DANCO
Domus Development
EAH Housing
East Bay Asian Local Development Corporation (EBALDC)
Eden Housing
Eklund, Patricia --Individual
El Cerrito, City of (Community Development Department)
Enterprise and Low Income Investment Fund (LIIF)
EveryOneHome (Alameda County)
Fresno, City of
Gateway Cities Council of Governments
Granville Homes
Habitat for Humanity Greater San Francisco
Hayward Area Planning Association (HAPA)
Highgrove Municipal Advisory Council
Holliday Development
Housing Authority of the City of Santa Barbara
Housing California
Housing Leadership Council of San Mateo County
Inyo Mono Advocates for Community Action
Kennedy Commission
Kern Council of Governments
King, City of
LaMesa, City of
LeadingAge California
League of California Cities
Lennar Urban
Liberty Hill Foundation (undersigned by 31 organizations)
Little Tokyo Service Center CDC, Southeast Asian Community Alliance, Physicians for Social Responsibility, and Strategic Actions for a Just Economy (SAJE)
Long Beach, City of
Los Angeles County Community Development Commission
Los Angeles County Metropolitan Transportation Authority (LA METRO)
Los Angeles, City of
Mammoth Lake Housing, Inc
Mendocino Council of Governments
Mendocino County Department of Transportation
Mercy Housing California

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Metrolink (Southern California Regional Rail Authority)
Metropolitan Transportation Commission (MTC)
MidPen Housing Corporation
Mission Economic Development Agency (MEDA)
Move LA
Mutual Housing California
Napa County Transportation & Planning Agency (NCTPA)
National Community Renaissance (CORE)
National Housing Law Project
National Resources Defense Council (NRDC)
Nememiah Social Enterprise / Capital Station 65, LLC
Non-Profit Housing Association of Northern California (NPH)
Omnitrans
Ontario, City of
Orange County Business Council
Orange County Office of Community Services
Orange County Transportation Agency
Oxnard, City of
Pacific Meadows/ABHOW
Pasadena, City of
PATH Ventures
Petaluma Ecumenical Properties (PEP) Housing
Policy Link (undersigned by SRTS National Partnership, Leadership Counsel for Justice and Accountability, California Walks, California Pan-Ethnic Health Network)
Price, Lindell (Individual)
Promise Energy
Public Counsel (Los Angeles County and Beverly Hills Bar Associations)
Public Health Alliance of Southern California
Public Interest Law Project (PILP)
Redwood Energy
Resources for Community Development (RCD)
Ritter, Phil (Individual)
Riverside County Economic Development Agency
Rural County Representatives of California (RCRC)
Rural Smart Growth Task Force (includes PILP, CA Coalition for Rural Housing, Leadership Counsel, Self-Help Enterprises, CRLA Foundation, Sierra Business Council, and others)
Sacramento County Office of Sustainability
Sacramento Housing and Redevelopment Agency (SHRA)
Sacramento Metropolitan Air Quality Management District
San Francisco County Transportation Authority
San Bernardino Associated Governments (SANBAG)

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San Bernardino County
San Diego Association of Governments (SANDAG)
San Diego Housing Commission
San Diego Housing Federation
San Francisco Bay Area Rapid Transit (BART)
San Francisco Office of Community Investment and Infrastructure
San Joaquin Sustainable Communities Coalition
San Joaquin Valley Regional Planning Agencies' Directors' Committee
San Jose Department of Housing
San Mateo County Transit District (SAMTRANS) undersigned by CalTrain and San Mateo County Transportation Authority
Santa Barbara County Association of Governments (SBCAG)
Santa Clara Valley Transportation Authority
Santa Cruz County Regional Transportation Commission
Santa Monica, City of
Satellite Affordable Housing Associates (SAHA)
Self-Help Enterprises
Shasta Regional Transportation Planning Agency
Sierra Business Council
Solano Transportation Authority
South Bay Cities Council of Governments
Southern California Association of NonProfit Housing (SCANPH)
Southern California LA/Ventura BIA, Los Angeles Chamber of Commerce, VICA, Central City Association of LA, Apartment Association of Greater LA
Strand, Muriel (Individual)
Sustainable Community for All Coalition undersigned by Housing California, CHPC, Urban Habitat, Transform, Public Advocates, Greenbelt Alliance, SRTS National Partnership, California ReLEAF, TNC, etc.
Tahoe Metropolitan Planning Organization (TRPA)
Taylor Consulting Services
Tenderloin Neighborhood Development Corporation
The Nature Conservancy (TNC), California ReLEAF, CalAN, and other stakeholders
The Nature Conservancy representing CalReleaf Coalition
Thomas Law Group
Thomas Safran and Associates
Tim Lewis Communities/Nossaman LLP
Townspeople
TransBay Joint Powers Authority (TJPA)
TransForm
Transportation Agency for Monterey County (TAMC)
Transportation Coalition for Livable Communities (includes CSAC, NRDC, CalCOG, American Lung Association in California, Environmental Defense Fund, CalTransit, League of California Cities)
Tulare County Resource Management Agency

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Valley on Track/Valley Industry and Commerce Association (VICA)
Valley Vision
Ventura Climate Care Options Organized Locally (VCCool)
Visionary Home Builders of California
VTA - Santa Clara Valley Transportation Authority
Wakeland Housing and Development Corporation
Western Center on Law & Poverty, California Rural Legal Assistance Foundation
Yucaipa, City of

California
Strategic Growth Council

Memorandum

DATE: December 19, 2014

TO: Interested Stakeholders

FROM: Strategic Growth Council

RE: Summary of Proposed Revisions and Updates to the 2014-15 SGC Affordable Housing and Sustainable Communities Program Guidelines

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Thank you for your robust feedback on the SGC Affordable Housing and Sustainable Communities Program. Comments from hundreds of diverse stakeholders have provided valuable information to inform the guidelines for this new interdisciplinary program. Due to the volume and quality of the comments we received, the Council decided to reschedule the December 2014 SGC meeting to January 20, 2015 in order to allow more time to incorporate and consider revisions to the 2014-15 program guidelines.

The intent of this memo is to share proposed revisions based on feedback, and to provide an update on two key issues not addressed in the September 23, 2014 Preliminary Draft Guidelines: 1) California Air Resources Board Guidance on Greenhouse Gas Reduction Quantification, and 2) the role of Metropolitan Planning Organizations. The pages following this memo provide more information on the areas mentioned above.

SGC is not holding a formal comment period following the release of this memo. We respectfully request that any comments submitted informally focus on the proposed revisions and updates. Comments may be sent to: ahsc@sgc.ca.gov.

We anticipate the following timeframes for the 2014-15 AHSC Program:

January 9, 2015	Public Posting of Draft Final Guidelines
January 20, 2015	Final Draft Guidelines to Council for Approval
Late January 2015	Funding Solicitation and Application Released
Mid-February 2015	Concept Applications Due
Mid-April 2015	Full Applications Due
June 2015	Recommended Awards Announced for Council Approval

Again, thank you for your participation and interest in this process, and for your patience as we continue to refine the guidelines to reflect the goals and objectives of this exciting, dynamic program.

Staff Recommended List of Proposed Revisions to the Affordable Housing and Sustainable Communities Program Guidelines

Note: All revisions below are preliminary, in progress, and will be evaluated for their cumulative impact on Program goals and requirements prior to incorporation in the final draft Program Guidelines for Strategic Growth Council review and approval.

Issue Description	Guideline Reference	Current Requirement	Proposed Revision
Allowable Modes of Transit	Page 10 §102(a)(3) & (b)(4)	TOD Project Areas must: Be served by at least one (1) Qualifying Transit Station meeting the criteria of a Major Transit Stop with service by at least one of the following modes of Publicly-Sponsored Transit: (A) High Speed Rail, (B) Commuter Rail, (C) Light Rail, (D) Bus Rapid Transit, (E) Express Bus ICP Project Areas must: Be Served by at least one (1) of the following modes of Publicly-Sponsored Transit: (A) High Speed Rail, (B) Commuter or Light Rail, (C) Bus Rapid Transit, (D) Bus with a qualifying Major Transit Stop, (E) Vanpool/Shuttle	Add Intercity Rail to list of applicable modes of transit
Minimum Unit Requirements	Page 11 §103(a)(1)(D)(i)	A Housing Development must: (i) consist of new construction, Substantial Rehabilitation of residential dwelling units, the conversion of one or more nonresidential structures to residential dwelling units, or preservation of at-risk affordable housing with a total of not less than 100 such units in a Metropolitan Area, or 50 such units in a Non-Metropolitan Area.	Removal of the minimum unit requirements (metro and non-metropolitan areas) for housing developments.
Minimum Density Requirements	Page 12 §103(a)(1)(D)(iv)	A Housing Development must: (iv) have a minimum Net Density, upon completion of the Housing Development, not less than that shown on the following table:	Proposed revision to Program Guidelines will include lowering of the minimum base density requirements to reflect “default density standards” deemed appropriate to accommodate housing for lower-income households in State housing element law as follows:

		<table><tr><th>Location</th><th>Density</th><th>FAR</th></tr><tr><td>Large City Downtown</td><td>60 u/a</td><td>>3.0</td></tr><tr><td>Urban Center</td><td>40 u/a</td><td>>2.0</td></tr><tr><td>All other Areas</td><td>20 u/a</td><td>>1.0</td></tr></table>	<table><tr><th>Location</th><th>Density</th><th>FAR</th></tr><tr><td>Urban</td><td>30 u/a</td><td>>2.0</td></tr><tr><td>Suburban</td><td>20 u/a</td><td>>1.5</td></tr><tr><td>Rural</td><td>15 u/a</td><td>>1.0</td></tr></table> Additional information on definitions of Urban, Suburban and Rural are available on HCD's website at - http://www.hcd.ca.gov/hpd/Default_2010census_update.pdf
Funds of Program Operations	Page 14 §103(b)	Eligible costs for Program uses include start-up costs associated with program creation, expansion of existing programs to serve new populations or offer new program service and implementation. Eligible Costs do not include ongoing operational costs.	Allow ongoing operational costs for up to three years as an eligible cost.
Maximum Awards Developer	Page 20 §104(c)	A single developer may receive no more than $15 million per Notice of Funding Available (NOFA) funding cycle.	The $15 million maximum for a single developer may be waived, if necessary, to meet statutory affordable housing and Disadvantaged Community set asides.
Cap on Requested Funds for Program Activities	Page 20 §104(f)(2)	The total grant amount for Program Uses within a Project Area shall not exceed 10 percent of the funding request for the overall Project.	Increase cap on grant funds for program uses to 30 percent of total award but not to exceed $500,000.
Match Requirements	Page 21 §104(g)	The total transportation or transit-related and/or green infrastructure grant amount shall not exceed fifty (50) percent of the total Capital Use Project budget.	Remove 50 percent match requirement for transit-related and/or green infrastructure-related capital use activities. Applications will be scored based on funds leveraged.
Required Applicants	Page 22 §105(a)(1)(A)	A Public Agency that has jurisdiction over the Project Area is a required applicant, either by itself or jointly with any of the following entities as co-applicant(s): joint powers authority, where the authority encompasses the activities necessary to comply with the requirements of the Program, public housing authority, transit agency and/or operator, school district, facilities district, or any other special district or	A Public Agency with jurisdiction over the Project Area will not be a required co-applicant except where a Public Agency has an interest or stake in the proposed Project. For example, cases involving right-of-way or publicly-owned land, the application will be required to either include the Public Agency as a co-applicant or otherwise include a commitment to enter into a contractual agreement regarding the proposed project if it is awarded funds.

		political subdivision of the State of California, corporation, limited liability company, limited partnership, general partnership, business trust, or joint venture.	
No Net Loss of Affordable Housing Units	Page 27 §106(a)(11)(D)	If the application involves the demolition or rehabilitation of existing units affordable to lower income households, the Housing Development must include units with equal or greater affordability, equal to or greater than the number of the existing affordable units, except in cases where the 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 twenty five (25) percent fewer units upon project completion.	Requirements of this section will be applicable to all capital projects, not just Housing Development and Housing-Related Infrastructure projects.
Anti-Displacement Strategies	Page 49-50 §107(o)	For projects located within or benefitting a Disadvantaged Community XX points will be provided for demonstration of policies, strategies and programs designed to avoid displacement of low-income residents and businesses of the Project Area and community.	Requirements for this section will apply to all projects.
Disadvantaged Community Requirements	Page 23 §106(b)	If requesting Program Funds to meet the requirements of Section 105(b)(9)(A) to benefit a Disadvantaged Community, the Applicant must evaluate the following criteria detailed in Table 6 to demonstrate how the Project provides benefit to a Disadvantaged Community or Communities pursuant to Interim Guidance approved and revised pursuant to ARB on September 18, 2014.	Program Guidelines will include the most recent guidance available from California Air Resources Board on Investments to Benefit Disadvantaged Communities per SB 535 and information on the top 25 percent of census tracts per CalEnviroScreen as determined by the California Environmental Protection Agency at the time of the NOFA release
Role of Metropolitan Planning Organizations and Other Regional Agencies pursuant to SB 862	Page 22; §105 (b)(3) and Page 25 Chart 1	Page 22: The intent of the concept proposal process is three-fold: 1) coordinate with MPOs on SCS implementation; 2) focus expenditures of local resources on the most competitive applications given limited Program funding; and 3) provide targeted	Section 105(b) will revised to include information on the MPO/Regional Entity role in the application review process as follows: -Concept applications for the respective region will be provided to each MPO

		technical assistance to potential applicants, with a priority to Disadvantaged Community applicants. Page 25: Note accompanying Chart 1: AHSC Program Application Submittal Process: The Council is soliciting input and advice from MPOs and other regional agencies and developing a framework for thorough, meaningful consultation with these institutions throughout project proposal evaluation. It is expected that these institutions will provide insight and recommendations to support effective implementation of the Program.	-MPO may review concept applications for projects and inform the SGC of their view of the project's support of the implementation of the applicable SCS. -Upon receipt of full applications, each MPO will be provided copies of applications for their respective region for their review - If they choose, MPOs may provide project recommendations for SGC consideration for their respective region. All MPO recommendations are advisory only. Note: MPO participation in this process in voluntary and not subject to reimbursement.
Definition of Public Agency	Page 73 Appendix A (kkk)	"Public Agency" means a California city, county, city and county, council of governments, transit agency, redevelopment successor agencies, or a joint powers authority comprised of any of the preceding.	Councils of governments were erroneously included in the definition of "Public Agency" as it pertains to eligible applicants to the AHSC Program. Councils of government are not eligible applicants for the AHSC Program.

Update on California Air Resources Board Interim Guidance on Greenhouse Gas Reduction Quantification

The California Air Resources Board (ARB) is responsible for providing guidance to estimate greenhouse gas (GHG) emissions reductions from all projects funded by the Greenhouse Gas Reduction Fund. As part of this responsibility, ARB staff is developing interim guidance for Affordable Housing and Sustainable Communities (AHSC) grant applicants to estimate the potential GHG emissions reductions attributable to AHSC project proposals for the first year of the Strategic Growth Council's AHSC program. Additional detail about the interim guidance will be available with the Final Draft Program Guidelines to be released on January 9, 2015.

ARB's interim guidance will employ currently available tools and methodologies to estimate the changes in vehicle miles traveled (VMT) and VMT-related GHG emissions reductions based on the proposed AHSC project's land use and transportation characteristics. Using the interim guidance, the applicant will estimate VMT-related GHG emissions reductions for a proposed project measured against an initial case. The initial case represents the GHG emissions that would have occurred prior to implementing any VMT-reducing project features or reduction measures.

ARB's interim guidance will use components of the California Emissions Estimator Model (CalEEMod)[1], a land use emissions calculator tool designed to quantify GHG emissions and criteria air pollutants associated with land use development projects. The interim guidance will focus on the operational and mitigation components of CalEEMod to address VMT and VMT-related GHG emissions for proposed projects.

For projects that serve a larger area or population outside of a defined project site, or contain features not included in CalEEMod, the interim guidance will rely on methodologies to quantify VMT reductions originally developed for Congestion Mitigation and Air Quality Improvement (CMAQ) projects. Examples of these types of projects include transit lines, bicycle paths, and vanpools. These methods are detailed in the document "Methods to Find the Cost-Effectiveness of Funding Air Quality Projects[2]" published by ARB and Caltrans. The interim guidance will provide applicants with directions on how to use the VMT quantification methodologies in the CMAQ guidance document, combined with GHG emission factors.

Evaluating a project's GHG emissions reductions may require the use of the CalEEMod or CMAQ methodology individually, or in combination, depending on the specific features of the proposed project. To estimate GHG emissions reductions from changes in VMT, both CalEEMod and CMAQ use on-road vehicle GHG emission factors from ARB's Mobile-Source Emission Factor model (EMFAC2011).

ARB staff will be available to answer applicant questions and provide technical assistance in using the quantification methodology for Transit Oriented Development and Integrated Connectivity Project applications. In addition, ARB staff will review the quantification portions of the project applications to ensure that the tools and methodologies defined by the interim guidance were properly applied in the applicant's estimate of the GHG emissions reductions for the project.

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[1] http://www.caleemod.com/
[2] http://www.arb.ca.gov/planning/tsaq/eval/mv_fees_cost-effectiveness_methods_may05.doc