

**ITEM 8**  
**Treasure Island Development Authority**  
**City and County of San Francisco**  
**Meeting of March 9, 2022**

**Subject:** Resolution of the Treasure Island Development Authority Board of Directors Authorizing the Execution of the Memorandum of Agreement #21/22 for Ferry Boat Discretionary & AHSC Grant Fund Exchange

**Contact:** Robert Beck, Treasure Island Director  
Jamie Querubin, Finance Manager

**SUMMARY**

The resolution would authorize the Treasure Island Development Authority (Authority) to enter into the Memorandum of Agreement #21/22 for Ferry Discretionary & AHSC Grant Fund Exchange (MOA). The MOA, executed between the Authority, the Treasure Island Mobility Management Agency (TIMMA) and Treasure Island Community Development (TICD), authorizes 1) TIMMA to utilize a federal earmark grant of \$3,000,000 to construct certain improvements to the Treasure Island Ferry Terminal, and 2) TIDA to use \$750,000 of Affordable Housing and Sustainable Communities (AHSC) grant as local match for the Treasure Island Ferry Terminal. In exchange, TICD will contribute \$3,750,000 to TIMMA to fund the TIMMA capital program. This fund exchange provides “clean” local funds to use as match for TIMMA’s Advanced Transportation Congestion and Mitigation Technologies Deployment (ATCMTD) grant, while completing the Ferry Terminal project and leveraging the federal funds.

**BACKGROUND**

TIDA has been working closely with TIMMA and TICD to secure funding and explore funding exchanges of current grant proceeds to make additional funding available to the TIMMA capital program where there are gap funding needs. In particular, the toll collection system, a key component of the mobility program, has a current funding shortfall of \$19.4 million to complete the design, installation, and programming to deliver a complete system and commence tolling operations. TIMMA, TIDA, and TICD are working collaboratively to fill this funding gap through grants, public financing, and other sources like the \$3,750,000 funding exchanges under this proposed MOA.

The purpose of the proposed MOA is to document the exchange and expenditure of grant funds between TIDA, TIMMA and TICD, in order to provide “clean” local funds that can be used to match the ATCMTD grant and to complete the ferry terminal improvements. To date, TIMMA has secured approximately \$6,721,000 of ATCMTD grant funds for the toll system which requires a 1:1 local match. The \$3,750,000 of funding made available through this grant exchange MOA will serve as the local match for the ATCMTD grant funds.

This is a creative, cost-neutral way to leverage outside funds for Treasure Island while complying with grant requirements. The need for these funds is urgent for several reasons: toll system construction will begin as soon as the toll program is adopted, expected in March 2022; funds must be committed in order to allow TIMMA to procure construction and implementation contracts; and the grant will expire if not expended by 2025.

### *Ferry Grant Exchanges*

Federal Ferry Boat Discretionary Grant: In 2012, TIDA was awarded a federal earmark grant of \$3,000,000 for the construction of improvements to the Treasure Island Ferry Terminal. The grant is administered by Caltrans and is now managed by TIMMA who is currently working with Caltrans to obligate the funds for this project. This grant requires a 20% local match.

AHSC Grant: In 2019, TIDA and Mercy Housing were a \$20 million AHSC grant, of which included \$1,000,000 for the Treasure Island Ferry Terminal improvements. TIDA will direct \$750,000 of the AHSC grant amount to the tolling system project to serve as the local match for the federal grant.

As part of the DDA, TICD is required to construct and finance the Treasure Island Ferry Terminal improvements prior to being reimbursed from CFD or IRFD public financing. In lieu of TICD directly funding the ferry improvements, TIMMA will instead make the \$3,750,000 available from this grant exchange to complete public amenities at the Ferry Terminal, including public restrooms, transit shelter, and associated plaza work. In exchange for this funding, TICD will contribute \$3,750,000 to the toll system construction budget.

As it relates to the grant obligations, the MOA obligates TIMMA to adhere to both the ferry earmark and AHSC grant requirements. Pursuant to the MOA, TIMMA will seek reimbursement from the AHSC program (via TIDA) for the match portion, and TIDA will in turn be reimbursed with AHSC funds.

The MOA has been reviewed by the City Attorney's Office, TIMMA, and TICD. It is prepared for execution upon approval by the TIDA Board.

### **PROJECT SCOPE & BUDGET**

The proposed project includes the following elements as outlined in the table below.

#	EXPENSE	BUS SHELTERS	RESTROOMS	OTHER	TOTAL	NOTES
1	Hard Costs	\$ 629,088	\$ 1,529,183	\$ 95,941	\$ 2,254,212	
2	GC Costs	\$ 191,660	\$ 466,057	\$ 28,782	\$ 686,499	Fee, Ins, 5% contractor contingency
3	Capital (Owner) Contingency	\$ 82,075	\$ 199,524	\$ 12,472	\$ 294,071	Includes escalation
4	Capital Construction Cost	\$ 902,823	\$ 2,194,764	\$ 137,196	\$ 3,234,783	
5	Design & Engineering	\$ -	\$ -	\$ -	\$ -	Already expended, not eligible
6	Permits, fees, inspections	\$ -	\$ -	\$ -	\$ 10,000	Allowance - in progress by TICD
7	Environmental Clearance				\$ 20,000	Allowance
8	Construction/Project Mgmt <sup>1</sup>	\$ 135,423	\$ 329,215	\$ 20,579	\$ 485,217	PM, CM (TIMMA & TICD)
9	TOTAL PROJECT	\$ 1,038,246	\$ 2,523,979	\$ 157,775	\$ 3,750,000	

1. Includes design support during construction

### **BOARD OF SUPERVISORS RESOLUTIONS**

Approval is not needed from the Board of Supervisors.

**FUNDING IMPACT**

This fund exchange utilizes funds already awarded and committed to the ferry terminal project. There is no net budgetary impact to TIDA's funding or budget. Revenue payments from TICD will offset expenditures to TIMMA.

**OTHER REQUIRED APPROVALS**

No other approvals are required for the execution of this MOA.

**RECOMMENDATION**

Staff recommends that the Authority Board to enter into the Memorandum of Agreement #21/22 for Ferry Discretionary & AHSC Grant Fund Exchange.

**EXHIBITS**

Exhibit A - Draft FY21-22 Ferry Discretionary and AHSC Grant Exchange MOA

Prepared by Jamie Querubin, Finance Manager; Robert Beck, Treasure Island Director

# MEMORANDUM OF AGREEMENT # 21/22-XX

for

## Ferry Discretionary & AHSC Grant Fund Exchange

**THIS AGREEMENT** is made and shall be effective on the 1<sup>st</sup> day of March, 2022, by and between the Treasure Island Mobility Management Agency (“TIMMA”), Treasure Island Development Authority (“TIDA”) and Treasure Island Community Development LLC (“TICD”), referred to collectively as “Parties.”

### RECITALS

- A. TIDA was designated a community redevelopment agency under the California Community Redevelopment Law (“CRL”) (Sections 33000 et. seq. of the California Health and Safety Code) and is the local reuse authority for purposes of the redevelopment and conversion of former Naval Station Treasure Island (“NSTI”) to productive civilian uses, including portions of Yerba Buena Island;
- B. The San Francisco Board of Supervisors (“BOS”) rescinded designation of TIDA as the redevelopment agency for Treasure Island under CRL in Resolution No. 11-12 and such rescission does not affect TIDA’s powers, authority, or duties in connection with this Agreement or the reuse and development of NSTI;
- C. The Treasure Island Transportation Management Act of 2008 (California State Assembly Bill 981) (“Act”) authorized the BOS to designate a board or agency to act as the transportation management agency to administer various components of the Treasure Island Transportation Improvement Program (“TITIP”), including congestion pricing and travel demand management on Treasure Island;
- D. On April 1, 2014, the BOS adopted a resolution designating the San Francisco County Transportation Authority (“Transportation Authority”) as TIMMA, the Treasure Island-specific transportation management agency authorized under the Act;
- E. On September 19, 2014, the Governor signed Assembly Bill 141 (Ammiano) into law, amending the Act and establishing TIMMA as a separate agency from the Transportation Authority to protect the Transportation Authority’s revenue streams and minimize its liability for TIMMA-related activities;
- F. Pursuant to the requirements of the Disposition and Development Agreement (DDA) between TIDA and TICD, TICD has committed funding to the design and construction of the Ferry Terminal on Treasure Island, and has completed design of the Ferry Terminal;
- G. On August 2, 2012, TIDA was awarded \$3 million in Federal Ferry Boat Discretionary funds (the “Ferry Grant”) for construction of the Treasure Island Ferry Terminal;
- H. At the request of TIDA, TIMMA has agreed to accept the Ferry Grant funds as the sponsor and implementing agency on behalf of TIDA;
- I. The Ferry Grant requires a 20% local match of \$750,000, which will be funded by the Affordable Housing Sustainable Communities (AHSC) Grant awarded to TIDA for

- Transportation-Related Amenities as defined by the California Department of Housing and Community Development (“AHSC Grant”);
- J. The Parties have agreed that TIMMA will use funds it receives from the Ferry Grant and AHSC Grant to construct the bus shelter and public restrooms of the Ferry Terminal Plaza (“Terminal Enhancements”), which the DDA specifies be funded by TICD;
  - K. In exchange, TICD will contribute funds in the amount of \$3,750,000 to TIMMA for use in the Treasure Island Mobility Management Program (“TIMM Program”) at Treasure Island;
  - L. TIMMA agrees that such funds contributed by TICD for the use in the TIMM Program as set forth above will be used for eligible Project Costs, as such term is defined in the DDA, and therefore will be subject to reimbursement from future public financing proceeds in accordance with the terms and provisions of the Finance Plan attached to the DDA;
  - M. TIMMA, TIDA and TICD have agreed to execute an agreement to define the budget scope of work required to construct the Terminal Enhancements;
  - N. This Agreement includes the scope and term of work required to complete the construction of the Terminal Enhancements during Fiscal Years 2021/22 through 2023/24.

## AGREEMENT

1. **Agreement Purpose.** The purpose of this Agreement is to outline roles and responsibilities of the TIMMA, TIDA and TICD with respect to the administration, funding, and delivery of the Terminal Enhancements.
2. **Roles and Responsibilities.** The Parties agree to the following roles and responsibilities.
  - a. **TIMMA:**
    - i. Allocate TIMMA staff resources, including a TIMMA project manager, in a manner sufficient to complete the scope of work outlined in Appendix A, “Description of Terminal Enhancements Project” according to the project budget in Appendix B, “Terminal Enhancements Project Budget.”
    - ii. Secure all necessary approvals and documentation for the Ferry Grant to proceed with Terminal Enhancements project.
    - iii. Submit annual updates to MTC and any necessary amendments as required for the project listing in the federal Transportation Improvement Program (“TIP”).
    - iv. Secure NEPA clearance for the Terminal Enhancements project.
    - v. Comply with federal-aid program requirements for the Terminal Enhancements project, administered by the California Department of Transportation (“Caltrans”), set forth in the Caltrans Local Assistance Procedures Manual (<https://dot.ca.gov/programs/local-assistance/guidelines-and-procedures/local-assistance-procedures-manual-lapm>) and the

Caltrans Local Assistance Program Guidelines (<https://dot.ca.gov/programs/local-assistance/guidelines-and-procedures/local-assistance-program-guidelines-lapg>).

- vi. Construct the Terminal Enhancements project according to design completed by TICD, coordinating with TICD, to the extent of available funds from the Ferry Grant and the AHSC Grant. In no event will the TIMMA be required to spend more on the Terminal Enhancements than the amounts received by the TIMMA from these funding sources. The foregoing notwithstanding, if, by the time 50% of the improvements are completed, such sources appear likely to be insufficient to complete the Terminal Enhancements, TIMMA shall work with TICD and TIDA to procure additional grants or other sources of funds to complete the Terminal Enhancements, and/or to perform value engineering on the scope of the Terminal Enhancements to align the final scope with the available funding.
  - vii. Work in good faith to cause the Terminal Enhancements to be delivered on time and within budget, and to consult with TIDA and TICD as needed.
  - viii. Process contractor payments and submit reimbursement requests to Caltrans for the Ferry Grant (\$3,000,000), and otherwise take such actions as may be required under the Ferry Grant to ensure compliance.
  - ix. Submit reimbursement requests, invoices, and other required documentation to TIDA within the compliant timeframes for the AHSC Grant as 20% local match (\$750,000).
  - x. Oversee all aspects of this Agreement to ensure timely delivery of a quality construction project, compliance with federal requirements, and conformance to the Ferry Grant, the AHSC Grant, and this Agreement.
- b. **TIDA:**
- i. Submit reimbursement requests received from TIMMA to the California Department of Housing and Community Development (HCD) for AHSC Grant reimbursement.
  - ii. Facilitate TICD reimbursement from the Community Facilities District (CFD) or Infrastructure Revitalization Financing District (IRFD), collectively referred to as “public financing,” for toll collection system expenditures as part of the TIMM Program, consistent with the DDA Finance Plan.
  - iii. Program remaining \$250,000 from AHSC funds to other eligible uses defined as Transit Related Amenities.
  - iv. Own and manage ferry terminal once constructed.

c. **TICD:**

- i. Prepare plans and obtain all required permits for the Terminal Enhancements project.
  - ii. Coordinate construction of the overall Ferry Terminal with the Terminal Enhancements being constructed by TIMMA.
  - iii. Pay \$3,750,000 to TIMMA for the construction of the electronic toll collection system and other TIMM Program expenses, with 50% contributed on January 1, 2023 and 50% on January 1, 2024. The second payment of 50% may be accelerated depending on project requirements, by agreement of the parties. The amount funded will be the lesser of actual costs for construction of the Terminal Enhancements or \$3,750,000.
3. **Scope and Budget.** This Agreement is limited to the "Description of Terminal Enhancements Project" set forth in Appendix A, attached hereto and incorporated by reference as though fully set forth. The breakdown of costs associated with this Agreement appears in Appendix B, "Terminal Enhancements Project Budget," attached hereto and incorporated by reference as though fully set forth. In no event shall the amount of this Agreement exceed \$3,750,000.
4. **Term.** The term of this Agreement shall be from March 1, 2022 to June 30, 2025, subject to the prior approval of the TIDA Board. The Parties shall not incur expenses beyond June 30, 2025. Time extensions shall be by amendment to this Agreement and by mutual agreement between the Parties.
5. **Relationship to DDA Authority Costs.** TIDA and TICD acknowledge that there is a current dispute over the proper scope of Authority Costs billed to TICD, including TIDA's payment obligations to TIMMA and whether or not certain costs, including amounts paid to TIMMA by TIDA, are properly allocated to Subsidies or Authority Costs under the DDA (the "Authority Costs Dispute"). TIDA and TICD acknowledge that TICD's payment of \$3,750,000 hereunder relates solely to the agreement to exchange TICD's current obligation to construct and pay for the Terminal Enhancements for an in-lieu payment to TIMMA of \$3,750,000 to be paid in accordance with the schedule set forth herein. Nothing herein is intended as an admission by either TIDA or TICD of facts or circumstances related to the Authority Costs Dispute or otherwise modifies or amends the current provisions of the DDA pertaining to Developer Subsidies.
6. **Remedies.** Each party shall have all rights and remedies available at law or in equity to enforce this Agreement. The parties agree, however, to meet and confer for a period of not less than 90 days before initiating any action for enforcement.
7. **Notices:** Unless otherwise indicated elsewhere in this Agreement, all written communications sent by the parties may be by U.S. mail, e-mail or by fax, and shall be addressed as follows:

To Transportation Authority: **Lily Yu**  
**Principal Management Analyst**  
**Treasure Island Mobility Management Agency**  
**c/o San Francisco County Transportation Authority**  
**1455 Market Street, 22<sup>nd</sup> Floor**  
**San Francisco, California 94103**  
**Phone: (415) 522-4800**  
**Fax: (415) 522-4829**  
**E-mail: lily.yu@sfcta.org**

To TIDA: **Bob Beck**  
**Treasure Island Director**  
**Treasure Island Development Authority**  
**One Avenue of the Palms, Suite 241**  
**Treasure Island**  
**San Francisco, CA 94130**  
**Phone: (415) 274-0662**  
**E-mail: bob.beck@sfgov.org**

To TICD: **Kevin Griffith**  
**Treasure Island Development Group**  
**c/o Treasure Island Community Development**  
**Pier 1 The Embarcadero Bay 2**  
**San Francisco, CA 94111**  
**Phone: (415) 608-6017**  
**E-mail: kevin.griffith@tidgsf.com**

Any notice of default must be sent by registered mail.

8. **Modification of Agreement.** This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement.
9. **Agreement Made in California; Venue.** The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.
10. **Audit and Inspection of Records.** The Parties agree to maintain and make available to each other, during regular business hours, accurate books and accounting records relating to their work under this Agreement and the work of any third parties performing work on the Project.



The Parties will permit each other to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. The Parties shall maintain such data and records in an accessible location and condition for a period of not less than three years after the Transportation Authority receives final payment from the State. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon the Parties by this Section.

11. **Termination for Convenience/Cause/or Suspension.** Any of the parties may for any reason (convenience or cause) terminate or suspend this Agreement, in whole or in part, at any time by written notice to the other party. Each party shall fulfill its obligations before the date of termination. Accordingly, following any such termination, TIMMA shall be entitled to reimbursement for any work performed, and TICD shall make payment to TIMMA for the amount of the Ferry Grant and the AHSC Grant expended by TIMMA for such work, as contemplated by this Agreement.
12. **Grant Requirements.** Parties agree to be bound by the terms and conditions of the document entitled "Grant Requirements," attached hereto as Appendix C and fully incorporated herein. The provisions under Appendix C apply to all related subcontracts of \$25,000 or more.

**IN WITNESS WHEREOF,** The parties have executed this AGREEMENT on the date set forth above:

TIMMA: Treasure Island Mobility  
Management Agency

Approved by:

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Tilly Chang  
Executive Director

Recommended by:

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Cynthia Fong  
Deputy Director for Finance and Administration

TIDA: Treasure Island Development  
Authority

Approved by:

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Robert Beck  
TIDA Director

APPROVED AS TO FORM:  
DAVID CHIU, City Attorney

---

Charles Sullivan  
Deputy City Attorney

TICD: TREASURE ISLAND COMMUNITY  
DEVELOPMENT, LLC, a California limited  
liability company

Approved by:

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[NAME]  
TITLE

## **APPENDICES**

**Appendix A:** Description of Terminal Enhancements Project

**Appendix B:** Terminal Enhancements Project Budget

**Appendix C:** AHSC Grant Requirements

**Appendix D:** AHSC Standard Agreement (Draft)

## **APPENDIX A**

### **Description of Terminal Enhancements Project**

The Construction of the Treasure Island Ferry Terminal project consists of a transit bus shelter, public restrooms, and terminal site plaza construction. These elements are an integral component of the larger ferry terminal. They were designed by TICD as part of the broader ferry terminal project and will be constructed by TIMMA using the subject grant.

The project consists of men's, women's, and family/all gender restrooms, as well as a transit shelter, located near the main ferry terminal shelter structure, and associated exterior work. This ferry terminal is the multi-modal transfer point for Treasure Island, with ferry service to San Francisco, bus service to the East Bay and San Francisco, and shuttle service around the island. In addition, a bicycle/pedestrian path is planned to connect this ferry terminal with the bicycle/pedestrian path on the east span of the Bay Bridge. The project will be fully ADA-accessible and open to the public.

The restrooms and transit shelter are part of a larger ferry terminal project which includes the shelter structure for waiting ferry passengers and a plaza with additional seating, walkways and landscaping. TICD has designed the entire facility and constructed the marine infrastructure, and will construct the ferry terminal plaza, in coordination with TIMMA's construction of the transit shelter/restroom project.

#### **PROJECT SCHEDULE**

Environmental clearance Spring 2022

Final Plans June 2022

Permits June 2022

Contractor procurement July-November 2022

Construction start Winter 2023

Substantial Completion by Spring 2024 (in coordination with TICD)

Closeout / Startup Summer 2024

## Terminal Enhancements Project Budget

#	EXPENSE	BUS SHELTERS	RESTROOMS	OTHER	TOTAL	NOTES
1	Hard Costs	\$ 629,088	\$ 1,529,183	\$ 95,941	\$ 2,254,212	
2	GC Costs	\$ 191,660	\$ 466,057	\$ 28,782	\$ 686,499	Fee, Ins, 5% contractor contingency
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5	Design & Engineering	\$ -	\$ -	\$ -	\$ -	Already expended, not eligible
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7	Environmental Clearance				\$ 20,000	Allowance
8	Construction/Project Mgmt <sup>1</sup>	\$ 135,423	\$ 329,215	\$ 20,579	\$ 485,217	PM, CM (TIMMA & TICD)
9	TOTAL PROJECT	\$ 1,038,246	\$ 2,523,979	\$ 157,775	\$ 3,750,000	
1. Includes design support during construction						

**APPENDIX C**

**AHSC Grant Requirements**



CALIFORNIA STRATEGIC  
GROWTH COUNCIL



January 29, 2021

# AHSC Round 4 Guidelines: Summary of Changes for February 24, 2021 SGC Meeting

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## Summary

Due to the COVID-19 health emergency, The California Strategic Growth Council is making accommodations via guidelines changes to the Affordable Housing and Sustainable Communities Program (AHSC) for Rounds 4. These changes extend project delivery timelines and allow eligible costs to be incurred sooner.

These Guidelines changes seek to respond to stakeholder feedback and meet the moment, granting projects flexibility to meet financial commitments and deliver AHSC projects, advancing sustainable development best practices, across California's many communities. AHSC program staff invite public comments on the changes to Guidelines for round 4 by 5:00 p.m. on February 5, 2021. (See "How to Comment," below, for details.)

## Background

The State of California is committed to fighting climate change by reducing GHG emissions to 40 percent below 1990 levels by 2030 and to 80 percent below 1990 levels by 2050. The Affordable Housing and Sustainable Communities Program, funded by State cap-and-trade dollars programmed through California Climate Investments (CCI), helps reduce GHG emissions specifically increasing the supply of affordable housing near jobs, amenities, and transportation. AHSC is an important funding source for communities seeking to implement sustainable development practices, including those that are part of regional Sustainable Communities Strategies pursuant to SB 375 (Steinberg, 2008), that make it easier for residents to drive less by providing active transportation options such as walking, biking, and transit. This focus on climate action is built into the AHSC program guidelines, which AHSC staff and the Council revise each round to ensure the program continues to serve its climate mission in light of new policies, metrics, and contexts that influence the intersecting issue areas – including, but not limited to, housing, transportation, energy, urban greening, and equity – that fall under the AHSC umbrella.

## Summary of Changes

The following summary reflects updates proposed in the Round 4 AHSC Guidelines. Changes are listed in the order they appear in the Guidelines.

- **Section 104(c)(2) – Assistance Terms and Limits** – Allows eligible AHSC costs to be incurred after award instead of until the Standard Agreement is signed.

These costs are eligible for reimbursement after awardees sign the Standard Agreement. This change is intended to provide flexibility to awarded recipients in allowing them to begin project construction sooner, advancing the timeline for completion.

- **Section 111(a) and (b) – Performance Requirements** – To accommodate for delays due to the COVID-19 pandemic, SGC proposes extending project milestones, allowing recipients roughly three years from their award date to begin construction and six years to complete construction. These dates are proposed as July 30, 2022 and July 30, 2025, respectively. Currently, deadlines are set at July 30, 2021 and July 30, 2024, respectively. These changes reflect feedback from award recipients that COVID-19 has impacted permitting processes and construction time tables.

### **How to Comment**

The comment period for this draft is open from January 29, 2021 until February 5, 2021 at 5:00 P.M. Comments on the AHSC Round 4 Guidelines should be submitted via email to AHSC Program staff at [AHSC@sgc.ca.gov](mailto:AHSC@sgc.ca.gov).

To receive a version of the draft guidelines with changes tracked, send an email request to [AHSC@sgc.ca.gov](mailto:AHSC@sgc.ca.gov).

The best way to stay up-to-date on the AHSC Program is by registering for the [AHSC and SGC email lists](#).



# **AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES PROGRAM**

**ROUND 4  
FY 2017-2018 PROGRAM GUIDELINES**



**CALIFORNIA STRATEGIC  
GROWTH COUNCIL**



**October 29, 2018**  
**Technical Amendments: 2/19/19 and 2/24/21**

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***Note: Defined terms are bolded throughout the document. Refer to Appendix A for complete definitions.***

## Article I. AHSC General Overview

### Section 100. Purpose and Scope

- (a) The purpose of these Program Guidelines is to implement Division 44, Part 1 of the Public Resources Code (PRC) (commencing with Section 75200), which establishes the Affordable Housing and Sustainable Communities (AHSC) Program, hereinafter referred to as the **AHSC Program**.
- (b) The purpose of the **AHSC Program** is to reduce greenhouse gas (GHG) emissions through projects that implement land-use, housing, transportation, and agricultural land preservation practices to support infill and compact development, and that support related and coordinated public policy objectives, including the following:
  - (1) reducing air pollution;
  - (2) improving conditions in disadvantaged communities;
  - (3) supporting or improving public health and other co-benefits as defined in Section 39712 of the Health and Safety Code;
  - (4) improving connectivity and accessibility to jobs, housing, and services;
  - (5) increasing options for mobility, including the implementation of the Active Transportation Program established pursuant to Section 2380 of the Streets and Highway Code;
  - (6) increasing transit ridership;
  - (7) preserving and developing affordable housing for lower income households, as defined in Section 50079.5 of the Health and Safety Code; and
  - (8) protecting agricultural lands to support infill development.

## Section 101. AHSC Program Overview

The **AHSC Program** furthers the purposes of AB 32 (Chapter 488, Statutes 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 components of the **AHSC Program**. The **Council** staff will coordinate efforts with **Department** staff, working with the **California Air Resources Board (CARB)** and the **Council** to administer the broader **AHSC Program**, including developing program guidelines, evaluating applications, preparing agreements, monitoring agreement implementation, and program reporting.

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

- Expenditure records to ensure investments further the goals of AB 32.
- SB 535 (Chapter 830, Statutes 2012) and AB 1550 requirements to maximize benefits to **Disadvantaged Communities, Low-Income Communities, and Low-Income Households**.
- 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 achieve GHG reductions and benefit **Disadvantaged Communities, Low-Income Communities, and Low-Income Households** through increasing accessibility of affordable housing, employment centers and **Key Destinations** via low-carbon transportation resulting in fewer vehicle miles traveled (VMT) through shortened or reduced vehicle trip length or mode shift to transit, bicycling or walking. Three **Project Area** types have been identified to implement this strategy: 1) Transit Oriented Development (TOD) Project Areas, or 2) Integrated Connectivity Project (ICP) Project Areas, or 3) Rural Innovation Project Areas (RIPA).

Funds will be allocated through a competitive process, based on the merits of applications submitted and the proposed use of funds within the identified **Project Area**. The threshold requirements and application selection criteria focus on the extent to which developments realize the **AHSC Program's** objectives of reducing GHG emissions, benefiting **Disadvantaged Communities, Low-Income Communities, and Low-Income**

**Households**, providing affordable housing, demonstrating project readiness, and meeting other policy considerations.

### **Disadvantaged Community Benefits**

In June 2018, using the updated results from CalEnviroScreen 3.0, the California Environmental Protection Agency (CalEPA) identified **Disadvantaged Communities** to include census tracts that fall within the top 25 percent of CalEnviroScreen 3.0, plus an additional 22 census tracts that score in the highest 5 percent of CalEnviroScreen's Pollution Burden but do not have an overall CalEnviroScreen score because of unreliable socioeconomic or health data. AB 1550 has also created investment requirements for **Low-Income Communities** and **Low-Income Households**. In July 2018, CARB approved the *Funding Guidelines for Agencies Administering California Climate Investments* that will provide criteria to evaluate whether a project provides a benefit to a **Disadvantaged Community**, **Low-Income Community**, or **Low-Income Household**. These guidelines can be found here: [www.arb.ca.gov/ccifundingguidelines](http://www.arb.ca.gov/ccifundingguidelines).

A **Project** that is located in and provides benefits to a **Disadvantaged Community**, **Low-Income Community**, or **Low-Income Households** may receive priority for funding in order to meet the AHSC Program **Disadvantaged Community** and **Low-Income Community** funding requirements. All applicants must evaluate the criteria for demonstrating a benefit to **Priority Populations** as part of the application, and, if applicable, demonstrate in the application how the **Capital Project** or **Program Costs** within the **Project** meets one of the criteria.

## Article II. Program Requirements and Procedures

**Figure 1: AHSC Program Summary**

Figure 1 AHSC Program Summary			
Project Area Types	Transit Oriented Development (TOD) Project Area	Integrated Connectivity Project (ICP) Project Area	Rural Innovation Project Area (RIPA)
Transit Requirements (All Project Areas) §102	<ul style="list-style-type: none"> <li><b>MUST</b> include <b>Qualifying Transit</b></li> <li><b>Qualifying Transit</b> includes various forms of <b>Rail Service</b>, <b>Bus Service</b> and <b>Flexible Transit Service</b>.</li> <li>All Project Areas <b>MUST</b> also include a <b>Transit Station/Stop</b>, served by at least one <b>Qualifying Transit</b> line departing two or more times during <b>Peak Hours</b> (unless it is <b>Flexible Transit Service</b>).</li> </ul> <p><i>Note: ICP/RIPA projects that propose addition of <u>High Quality</u> Transit will remain eligible as an ICP/RIPA.</i></p>		
Project Area Specific Transit Requirements §102	<ul style="list-style-type: none"> <li><b>MUST</b> be served by <b>High Quality Transit</b></li> <li>Headway frequency of 15 minutes or less during <b>Peak Hours</b></li> <li>Must operate on a railway or be a <b>Bus Rapid Transit (BRT)</b> service that either fully or partially operates on a dedicated bus-only lanes</li> </ul>	<ul style="list-style-type: none"> <li><b>CANNOT</b> be served by <b>High Quality Transit</b></li> </ul>	<ul style="list-style-type: none"> <li><b>CANNOT</b> be served by <b>High Quality Transit</b></li> <li><b>MUST</b> be located within a <b>Rural Area</b></li> </ul>
Required AHSC Funded Components §102	<p><b>AHSC Program funds <u>MUST</u> be used for <b>Affordable Housing</b> (which includes <b>Affordable Housing Developments</b> or <b>Housing Related Infrastructure</b>) <u>AND</u> at least one other type of <b>Eligible Capital Project</b> or <b>Program Cost</b></b></p>		
Eligible Capital Projects or Program Costs §103	<ul style="list-style-type: none"> <li><b>Affordable Housing Developments (AHD)</b></li> <li><b>Housing Related Infrastructure (HRI)</b></li> <li><b>Sustainable Transportation Infrastructure (STI)</b></li> <li><b>Transportation-Related Amenities (TRA)</b></li> <li><b>Programs (PGM)</b></li> </ul>		
Affordable Housing Development Requirements §103	<p>Affordable Housing Developments may be:</p> <ul style="list-style-type: none"> <li>New construction</li> <li>Acquisition and <b>Substantial Rehabilitation</b> including preservation of affordable housing <u>at-risk</u></li> <li>Conversion of one or more nonresidential structures to residential dwelling units</li> </ul>		
Funds Available §108	Target 35 percent of available funds to TOD Project Areas	Target 35 percent of available funds to ICP Project Areas	Target 10 percent of available funds to RIPAs
Project Awards §104	<p>All Project Area Types are subject to the following minimum and maximum award amounts:</p> <p style="text-align: center;">Maximum: \$20 Million Minimum: \$1 Million</p>		
Statutory Funding Set-asides §108	<ul style="list-style-type: none"> <li>50 percent of the <b>AHSC Program</b> expenditures shall be for <b>Affordable Housing</b> (Health &amp; Safety Code § 39719(a)(1)(C))</li> <li>50 percent of <b>AHSC Program</b> expenditures shall be for projects benefitting <b>Disadvantaged Communities</b> (Public Resources Code § 75214)</li> </ul> <p><i>Note: A single project can address both set-asides above, and are not mutually exclusive.</i></p>		

## Section 102. Eligible Projects

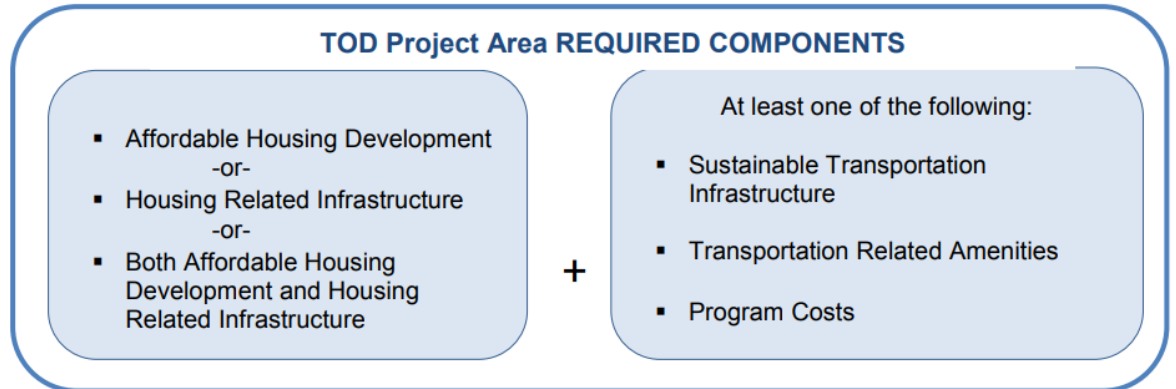
The **AHSC Program** is designed to implement GHG emissions reductions through a reduction of vehicle miles travelled (VMT), or fewer and shorter auto-trips. The **AHSC Program** will fund integrated land use and transportation projects supporting low-carbon transportation options. Promoting mode shift to low-carbon transportation will require strategies that link residential areas, major employment centers and other **Key Destinations** to 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 destinations and is the area in which **AHSC Program** funds will be invested. Each **Project Area** must:
  - (1) Be a contiguous area included within a distinct planning area in a local or regional planning document(s) or transit service area
  - (2) Include at least one **Transit Station/Stop** consistent with the requirements set forth in (c) or (d) below; and
  - (3) Be of a defined size consistent with one of the following:
    - (A) For **Project Areas** with fixed transit routes, the defined **Project Area** may not exceed a one (1) mile radius from the identified **Transit Station/Stop**.
    - (B) For Project Areas with **Flexible Transit Service** routes, the defined **Project Area** must be defined based on the identified service area of the transit line.
    - (C) For Project Areas which include a **Transit Corridor** or bicycle network or both, the defined **Project Area** must be identified in a plan, i.e. general plan, bicycle master plan or transit corridor implementation plan.
- (b) The **AHSC Program** includes three eligible **Project Area** types as defined below:
  - (1) Transit Oriented Development (TOD) **Project Areas**,
  - (2) Integrated Connectivity Project (ICP) **Project Areas**, and
  - (3) Rural Innovation **Project Areas** (RIPA).

All projects regardless of **Project Area** type must demonstrate VMT reduction through fewer or shorter vehicle trips or incentivize mode shift to transit use, bicycling or walking within transit areas, with an emphasis on integration of or development of affordable housing, and with an emphasis on providing **Disadvantaged Community** or **Low-Income Community** benefits. There are several differentiating requirements between each **Project Area** type, as described below.

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

- (1) Include at least one (1) **Transit Station/Stop** served by **High Quality Transit** at the time of application submittal;
- (2) Include an **Affordable Housing Development** located no farther than one-half mile from a **Transit Station/Stop** served by High Quality Transit. While the TOD Project Area must include an **Affordable Housing Development**, it may be funded from sources other than the AHSC Program but must meet the requirements of Section 103 (a)(1)(A) through (C); and
- (3) Include **Capital Projects** or **Program Costs** as follows:



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

- (1) Include at least one (1) **Transit Station/Stop**
- (2) Be served by at least one (1) mode of **Qualifying Transit** that does not meet the requirements of **High Quality Transit** at the time of application submittal; and
- (3) Include **Capital Projects** or **Program Costs** as follows:



If the **ICP Project Area** application proposes to fund an **Affordable Housing Development** with AHSC Program funds, that housing must be located within one-half mile of a **Transit Station/Stop** by the time a certificate of occupancy is provided.

- (e) **RIPAs** must meet all of the requirements detailed in Section 102(d) above for an **ICP Project Area** and must be located within a **Rural Area**.



## Section 103. Eligible Costs

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

<b>Figure 2</b>	
<b>Eligible Capital Projects and Program Costs</b>	
<b>Eligible Capital Projects</b>	
<ul style="list-style-type: none"> <li>▪ <b>Affordable Housing Development (AHD)</b></li> <li>▪ <b>Housing-Related Infrastructure (HRI)</b></li> <li>▪ <b>Sustainable Transportation Infrastructure (STI)</b></li> <li>▪ <b>Transportation-Related Amenities (TRA)</b></li> </ul>	
<b>Eligible Program Costs (PGM)</b>	
<ul style="list-style-type: none"> <li>▪ Active Transportation Programs</li> <li>▪ Transit Ridership Programs</li> <li>▪ Criteria Air Pollutant Programs</li> <li>▪ Workforce Development Programs</li> </ul>	

*Note: Each Capital Project or Program Cost must be unique to a single application and cannot be split over multiple applications.*

Examples of **Eligible Costs** within each category of eligible **Capital Projects** and **Program Costs** are identified in Figure 3 below:

<b>Figure 3: Eligible Cost Examples</b>	<b>AHD/ HRI</b>	<b>STI</b>	<b>TRA</b>	<b>PGM</b>
Construction or <b>Substantial Rehabilitation</b> of affordable housing	X			
Installation of new or improved walkways that improve mobility and access of pedestrians		X		
Installation of new or improved bikeways that improve mobility and access of cyclists		X		
Installation of new or improved pedestrian crossings or over-crossings		X		
Non-capacity increasing streetscape improvements, including, but not limited to the installation of lighting, signage, or other related amenities for pedestrians, cyclists and transit riders			X	
Street crossing enhancements including installation of accessible pedestrian signals		X		
Traffic calming projects including development of curb extensions, roundabouts, median islands, "road diets," lane narrowing projects		X		
Signage and way-finding markers			X	
Installation of traffic control devices to improve safety of pedestrians and bicyclists		X		

Street furniture (e.g. benches, shade structures, etc.)			X	
Bicycle repair kiosks			X	
Publicly accessible bicycle parking			X	
Bike sharing infrastructure and fleet		X		
Bicycle carrying structures on public transit			X	
Development of a dedicated bus lanes as part of a BRT project		X		
Development and/or improvement of transit facilities or stations		X	X	
Transit related equipment to increase service or reliability		X		
Transit Signal Priority technology systems		X		
Real-time arrival/departure information systems			X	
Installation of at-grade boarding infrastructure		X		
Development or improvement of shelters or waiting areas at transit station/stops			X	
Transit ticket machine purchase or improvements			X	
Transit passenger amenities - e.g. Wi-Fi access			X	
Transit Vehicle Procurement for service expansion		X		
Station area signage			X	
Energy Efficiency and Renewable Energy	X	X	X	
Water Efficiency	X	X	X	
Urban Greening	X	X	X	
Pedestrian and bicycle safety education programs				X
Development and publishing of community walking and biking maps, including school route/travel plans				X
Development and implementation of "walking school bus" or "bike train" programs				X
School crossing guard training programs				X
Bicycle clinics				X
Public outreach efforts to increase awareness and understand the needs of active transportation users				X
Bike sharing program operations				X
Ride and/or car share programs				X
Transit subsidy programs				X
Education and marketing of transit subsidy programs				X
Transportation Demand Management (TDM) programs				X
Air pollution exposure reduction program				X

(a) **Capital Projects**

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

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

(i) Consist of one or more of the following:

- a. New Construction
- b. Acquisition and **Substantial Rehabilitation** (including preservation of affordable housing at-risk of conversion to market rate). The acquisition must be made through a bona fide sale or transfer from the existing ownership entity to the new ownership entity comprised of a completely disparate ownership structure, which contains no common entity interest at any level of the organizational structure.
- c. Conversion of one or more nonresidential structures to residential dwelling units;

*Note: Re-syndication of an Affordable Housing Development is not an eligible capital project.*

- (ii) Be located within one-half (½) mile from a **Transit Station/Stop** that meets the **Project Area** transit requirements as defined in Section 102(c) or (d). The one-half (½) mile is to be measured from the nearest boarding point of the **Transit Station/Stop** to the entrance of the residential structure in the **Affordable Housing Development** furthest from the **Transit Station/Stop** along a walkable route. The walkable route, after completion of the proposed **Project**, shall be free of negative environmental conditions that deter pedestrian circulation such as barriers, stretches without sidewalks or walking paths, noisy vehicular tunnels, streets, arterials or highways without regulated crossings that facilitate pedestrian movement, minimize stretches without shade or cover, or stretches without lighted streets;

Rental **Affordable Housing Developments** must include at least 20 percent of the total residential units as **Affordable Units** with an overall **Project** average affordability of all **Restricted Units** within the **Project** no greater than 50 percent represented by **Area Median Income** (AMI). Average affordability means the total number of **Restricted Units** multiplied by each restricted affordability level divided by the total **Restricted Units**. For example, for a 30 unit project with 10 units restricted to 40 percent and 10 units restricted to 60 percent AMI the calculation of the average affordability would be as follows

:

10 units @ 40% AMI → 10 x 40 = 400

10 units @ 60% AMI → 10 x 60 = 600

400 + 600 = 1000

1000/ 20 total restricted units = average affordability of 50%

Homeownership **Affordable Housing Developments** must include at least 20 percent of the total residential units as **Affordable Units** with an overall **Project** average affordability of all **Restricted Units**

within the **Project** no greater than 80 percent represented by **Area Median Income** (AMI).

- (iii) and;
- (iv) Have a minimum **Net Density**, upon completion of the **Affordable Housing Development**, not less than that shown on the following table:

<b>Figure 4: Minimum Net Density Requirements</b>		
<b>Project Area Type</b>	<b>Residential only Projects</b>	<b>Mixed-Use Projects (Floor Area Ratio)</b>
TOD	30 units per acre	>2.0
ICP	20 units per acre	>1.5
RIPA	15 units per acre	>0.75

- a. Mixed-use **Affordable Housing Developments** may demonstrate consistency with the **Net Density** requirements through either the unit per acre or **Floor Area Ratio** requirements detailed in Figure 4.
- b. Acquisition and **Substantial Rehabilitation** (including preservation of affordable housing at-risk of conversion to market rate housing) are exempt from the above minimum density requirements but shall not result in fewer units or lower percentage of total affordability than currently exists except where reductions in unit count are required to meet building code requirements.
- (v) Must supply at least one (1) **Secure Overnight Bicycle Parking** spot for every two residential units that is not publicly accessible and is completely enclosed. Bicycle parking at the **Affordable Housing Development** will be considered an eligible cost but may not be used to meet required **Project Area** components as outlined in Section 102.

(B) **Affordable Housing Development Capital Projects** may:

- (i) Include residential units that are rental or owner-occupied, or a combination of both;
- (ii) Consist of scattered sites with different ownership entities, within the boundaries of a discrete **Project Area**, as long as the sites are developed together as part of a common development scheme adopted, approved or required by a **Public Agency**; or
- (iii) Include nonresidential uses that are compatible under local zoning

(C) Eligible costs for **Affordable Housing Development Capital Projects** are limited to:

- (i) Costs for a **Housing Development**, as specified in 25 CCR Section 7304 (a) and (b).
- (ii) Soft costs such as those incidentally but directly related to construction or other pre-development components including, but not limited to, planning, engineering, construction management, architectural, and other design work, required mitigation expenses, appraisals, legal expenses, and necessary easements. Soft costs shall not exceed 10 percent of total **AHSC Program** award.
- (iii) Each AHSC application may budget up to 2 percent of their total funding request for **Employment Benefits and Outcomes Reporting**. This amount will scale with the size of the Applicant's funding request. Applicants should consider the size of their loan and grant funded project components when allocating this item into capital cost budgets. **Employment Benefits and Outcomes Reporting** costs are not included within the soft costs cap.

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

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

- (i) Capital improvements required by a **Locality**, transit agency, or special district as a condition to the approval of the **Affordable Housing Development**.
- (ii) Soft costs such as those incidentally but directly related to construction or other pre-development components including, but not limited to, planning, engineering, construction management, architectural, and other design work, required mitigation expenses, appraisals, legal expenses, and necessary easements. Soft costs shall not exceed 10 percent of total **AHSC Program** award.
- (iii) Each AHSC application may budget up to 2 percent of their total funding request for **Employment Benefits and Outcomes Reporting**. This amount will scale with the size of the Applicant's funding request. Applicants should consider the size of their loan and grant funded project components when allocating this item into capital cost budgets. **Employment Benefits and Outcomes Reporting** costs are not included within the soft costs cap.
- (iv) Required environmental remediation necessary for the **Capital Project** where the cost of the remediation does not exceed 50 percent of **AHSC Program** grant funds.

- (v) Real property acquisition of the **Housing-Related Infrastructure** project site and associated fees and costs (not to exceed 10 percent of the total **AHSC Program** award). Real estate commissions for purchase or acquisition are not an eligible expenditure.
  - (vi) Impact fees required by local ordinance are eligible for funding only if used for the identified eligible **Capital Project** not to exceed 15 percent of the **AHSC Program** award up to \$300,000.
- (3) **Sustainable Transportation Infrastructure Capital Projects** (including **Active Transportation** and transit infrastructure)
  - (A) Eligible costs for **Sustainable Transportation Infrastructure Capital Projects** are limited to:
    - (i) Capital improvements that result in the improvement or addition of infrastructure that encourages mode-shift by enhancing: 1) public transit access; 2) pedestrian network; or 3) bicycle network (includes public bike-share infrastructure and fleet) within the defined **Project Area** meeting the transit requirements detailed in Section 102 (c) or (d).
    - (ii) Soft costs such as those incidentally but directly related to construction or project plans, specifications and estimates including, but not limited to, planning, engineering, construction management, architectural, and other design work, environmental impact reports and assessments, appraisals, legal expenses, and necessary easements. Soft costs shall not exceed 30 percent of total **AHSC Program** award.
    - (iii) Each AHSC application may budget up to 2 percent of their total funding request for **Employment Benefits and Outcomes Reporting**. This amount will scale with the size of the Applicant's funding request. Applicants should consider the size of their loan and grant funded project components when allocating this item into capital cost budgets. **Employment Benefits and Outcomes Reporting** are not included within the soft costs cap.
    - (iv) **Activity Delivery Costs** that are associated with the implementation of the **Capital Project** not to exceed 10 percent of the costs associated with the **Capital Project**.
    - (v) Other **Capital Project** costs required as a condition of local approval for the **Capital Project**, as approved by the **Department**.
- (4) **Transportation-Related Amenities Capital Projects**
  - (A) **Transportation-Related Amenities** must be publicly accessible.

(B) Eligible costs for **Transportation-Related Amenities Capital Projects** are limited to:

- (i) Capital improvements that are publicly accessible and provide supportive amenities to cyclists, pedestrians, and transit riders (i.e. bike parking, bus shelter, benches, street trees, etc.) within the defined **Project Area** meeting the transit requirements detailed in Section 102 (c) or (d).
- (ii) Soft costs such as those incidentally but directly related to construction project plans, specifications and estimates including, but not limited to, planning, engineering, construction management, architectural, and other design work, environmental impact reports and assessments, appraisals, legal expenses, and necessary easements. Soft costs shall not exceed 10 percent of total **AHSC Program** award.
- (iii) Each AHSC application may budget up to 2 percent of their total funding request for **Employment Benefits and Outcomes Reporting**. This amount will scale with the size of the Applicant's funding request. Applicants should consider the size of their loan and grant funded project components when allocating this item into capital cost budgets. **Employment Benefits and Outcomes Reporting** costs are not included within the soft costs cap.
- (iv) **Activity Delivery Costs** that are associated with the implementation of the **Capital Project** not to exceed 10 percent of the costs associated with the **Capital Project**.
- (v) Other **Capital Project** costs required as a condition of local approval for the **Capital Project**, as approved by the **Department**.

(b) **Program Costs**

- (1) **Program Costs** include those costs typically associated with 1) program creation, or 2) expansion of existing programs to serve new populations or offer new program service and implementation. Eligible costs may include operational costs for programs for the term of the grant (3 years). Programs include education, outreach and training programs for **Active Transportation** or transit ridership, air pollution exposure reduction, and workforce development partnerships.
- (2) The total grant amount for **Program Costs** within a **Project Area** shall not exceed 30 percent of the funding request for the overall **Project** up to \$500,000. Costs incurred for required transit passes or cards described in Section 106 (4) will not contribute to this cap.
- (3) Ineligible costs include all of the following:

- (A) Costs are not eligible for funding if there is another feasible, available source of committed funding for the **Project** portion thereof to be funded by the **AHSC Program** or if the cost is incurred prior to **AHSC Program** award;
- (B) Routine maintenance of transportation infrastructure (including transit fleet;
- (C) In lieu fees for local inclusionary housing programs;
- (D) Ongoing operational costs beyond the term of the grant (three years) for **Program Costs**; and
- (E) Costs associated with automobile or motorcycle parking (excluding electric vehicle charging infrastructure).



## Section 104. Assistance Terms and Limits

- (a) The maximum **AHSC Program** loan or grant award, or combination thereof, for a TOD, ICP and RIPA **Project Area** is \$20 million with a minimum award of \$1 million.
- (b) Loans for rental **Affordable Housing Developments**, or the rental portions of a **Affordable Housing Development**, are subject to the following terms:
  - (1) **AHSC Program** funds will be provided as a loan for permanent financing by the **Department** to the owner of the **Affordable Housing Development**, with the same terms as the **Department's** Multifamily Housing (MHP) Program financing as set forth in 25 CCR 7308.
  - (2) The maximum loan amount shall be calculated pursuant to 25 CCR 7307 based on the number of **Restricted Units** in the **Affordable Housing Development**, affordability, unit sizes, location, and on the base amount for loan calculation as specified in the **AHSC Program NOFA**. For **Affordable Housing Developments** not receiving 9 percent low-income housing tax credits, \$80,000 per **Restricted Unit** may be added to the base amount for loan limit calculation purposes.
  - (3) Unless contradictory to any other provision expressly set forth herein, the currently adopted and applicable Uniform Multifamily Regulations ("UMRs") as may be amended from time to time, all as set forth in the California Code of Regulations, Title 25, are hereby incorporated by reference in their totality into these Guidelines.
- (c) Grants shall be subject to the following terms:
  - (1) The applicant must demonstrate that the grant will not result in a profit that exceeds the commercially reasonable range for other developments of similar size and level of risk.
  - (2) **AHSC Program** grant funds will be disbursed as reimbursed progress payments for eligible costs incurred after the [award of funds, at a Strategic Growth Council meeting, execution of the Standard](#) Agreement in the amount not to exceed the **AHSC Program** award of funds. Costs incurred prior to execution of the Standard Agreement are not eligible for reimbursement. [Costs are not eligible for reimbursement until the Standard Agreement is executed.](#)
  - (3) If the **Capital Project** grant includes multiple phases or developments, all entitlements and construction funding commitments for the first phase must be received prior to the initial disbursement of AHSC funds.
  - (4) For **Housing-Related Infrastructure Capital Project** grants:
    - (A) The total **Housing-Related Infrastructure Capital Project** grant amount is \$35,000 per residential unit in the proposed **Affordable Housing Development**, or \$50,000 per **Restricted Unit**.

- (B) Conditions precedent to the first disbursement of **AHSC Program** funds shall include receipt of all required public agency entitlements and all construction funding commitments for the **Affordable Housing Development** supported by the **Housing-Related Infrastructure Capital Project**.
- (C) Rental **Affordable Housing Developments** supported by the **Housing-Related Infrastructure Capital Project** shall be subject to a recorded covenant ensuring affordability for duration of at least 55 years, recorded on the fee interest of the real property on which the rental **Affordable Housing Development** is to be located.
- (D) Homeownership **Affordable Housing Developments** supported by the **Housing-Related Infrastructure Capital Project** shall be subject to a recorded covenant with a duration of at least 30 years that includes either a resale restriction or equity sharing upon resale, recorded on the fee interest of the real property on which the homeownership **Affordable Housing Development** is to be located.
- (E) For homeownership **Affordable Housing Developments**, **AHSC Program** assistance will be provided in the form of a grant from the **Department** to a **Locality** or **Developer**. It will be disbursed as reimbursed progress payments for **Eligible Costs** incurred for the construction of **Housing Related Infrastructure** required as a condition of approval of the homeownership **Affordable Housing Development**, made available for sale to qualified first-time homebuyers. The total first-time homebuyer grant amount is \$50,000 per **Restricted Unit**. Prior to any disbursement, an affordability covenant will be recorded against the fee interest in the property of the **Affordable Housing Development**. At the time of sale of the **Restricted Unit** to a qualified first-time homebuyer, either the affordability covenant or a resale restriction will be recorded against the **Restricted Unit** for a period of not less than 30 years from the date of recordation.

## **Section 105. Eligible Applicants**

### **(a) Eligible Applicants**

#### **(1) Eligible applicant entities shall include any of the following:**

- (A) A **Locality**, public housing authority, redevelopment successor agency, transit agency or transit operator, Regional Transportation Planning Agency (RTPA), local Transportation Commission, Congestion Management Agency, Joint Powers Authority (JPA), school district, facilities district, University or Community College District.
- (B) A **Developer** or **Program Operator**.

- (C) A **Federally Recognized Indian Tribe** whose **Project** meets requirements listed in detail in Appendix B.
- (2) A special purpose entity formed and controlled by the **Developer**, and which will serve as the ultimate borrower of AHSC loan funds, is not an Eligible **Applicant**. A special purpose entity ultimate borrower may be listed on the AHSC Program application in the appropriate, designated fields for listing such a borrower entity.
- (3) Where a **Public Agency** has a real property interest in the proposed **Project**, the application will be required to include the **Public Agency** as a joint applicant or otherwise include a commitment to enter into a contractual agreement to develop the **Project**, if it is awarded.
- (4) Joint applicants for the **Project** will be held jointly and severally liable for the completion of the **Project**.
- (A) A **Recipient** of **Department** funds must remain liable for performing all requirements of the award of funds as set forth in the Standard Agreement. Where there are multiple **Recipients**, all such **Recipients** must remain jointly and severally liable to the **Department** for that performance. Notwithstanding the foregoing, **Recipients** may indemnify each other by entering into agreements with one another as to particular portions of the award. In no event will any such agreement alter, amend, or revoke each individual **Recipient's** obligations to the Department, including the joint and several liability.

## Section 106. Program Threshold Requirements

### (a) Application Threshold Requirements

In addition to requirements detailed in Sections 102 through 105, to be eligible for **AHSC Program** funding, an application shall demonstrate to the **Department** all of the following:

- (1) The proposed **Project** will achieve a reduction in GHG emissions through fewer vehicle miles travelled (VMT), pursuant to the most recent **AHSC Program** Quantification Methodology, located on the California Air Resources Board's CCI Quantification, Benefits and Reporting Materials webpage ([www.arb.ca.gov/cc-resources](http://www.arb.ca.gov/cc-resources)). This must be evidenced by completed quantification methodology tools described in the AHSC Application for each Project component.
- (2) The proposed **Project** supports implementation of the applicable Sustainable Community Strategy (SCS), as confirmed by the Metropolitan Planning Organization (MPO), or similar sustainable planning document in non-MPO regions, as allowed by SB 862 (Chapter 36, Statutes of 2014). The application must be consistent with activities or strategies identified in the regional SCS, or similar planning document that demonstrate a per capita reduction in VMT and GHG.
- (3) The proposed **Project** must be consistent with the State Planning Priorities established pursuant to Section 65041.1 of the Government Code.
- (4) All proposed **Affordable Housing Developments** must provide free transit passes, reloadable transit cards, or discounted passes priced at no more than half of retail cost. At least one (1) pass or card shall be made available for each Restricted Unit for at least 3 years. The card or pass should have a minimum value of 40 average commute length rides a month as determined by the transit agency. These passes or cards may be paid for with AHSC funding.
- (5) Applicants of all proposed **Affordable Housing Developments** must certify that the development will be smoke free and demonstrate compliance by submitting a **Smoke Free Housing** lease addendum prior to construction loan closing.
- (6) The AHSC funded components of the **Project** must:
  - (A) Incorporate more than one **Urban Greening** feature with dedicated maintenance for at least two years.
  - (B) Include adequate lighting in accordance with local, state, and federal design standards and requirements for all publicly accessible components of the **Project** including active transportation routes and transit stations or stops.

- (7) The **Project** must demonstrate a level of committed funding at time of application that is 0.90 or greater calculated by the following equation:

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

*Note: HRI grant requests for Homeownership **Affordable Housing Developments** will not be counted as part of this equation, and therefore are exempt from this EFC threshold.*

- (8) Completion and approval or adoption of all necessary environmental clearances including those required under the California Environmental Quality Act (CEQA) ~~and if applicable, the National Environmental Policy Act~~. All applicable time periods for filing appeals or lawsuits have lapsed within 30 days of the application due date with lawsuits or appeals filed.
- (A) **STI** or **TRA** components of a **Project** are not required to certify completion and demonstration of approval of environmental clearances (NEPA or CEQA) as stated in (8) above until prior to the initial disbursement of grant funds.
- (B) ~~Completion and approval of environmental clearances under the National Environmental Policy Act (NEPA), if applicable, are required within 60 days of the application due date. All applicable time periods for filing appeals or lawsuits have lapsed within 90 days of the application due date with lawsuits or appeals filed.~~
- (i) ~~Applications must demonstrate that their Notice of Intent to Request Release of Funds was posted prior to the AHSC application deadline.~~
- (9) Applications must demonstrate that all necessary discretionary local land use approvals, excluding design review, have been granted.
- (10) The application must be sufficiently complete to assess the feasibility of the proposed project and its compliance with **AHSC Program** and application requirements. For example, the applicant must demonstrate that the **Project** is financially feasible as evidenced by documentation including, but not limited to, a market study, project pro-forma, sources and uses statement, proposed operating budget, multi-year pro-forma, or other feasibility documentation that is standard industry practice for the type of proposed **Affordable Housing Development**. A market study that meets the requirements specified in the California Tax Credit Allocation Committee (TCAC) Regulations Section 10322(h)(10) will be accepted by the **Department**.
- (11) The applicant or **Developer** of the **Project** must demonstrate **Site Control** sufficient to ensure the timely commencement of the **Project** as determined by the **Department**.

- (12) Applicants must demonstrate experience by providing evidence of at least two projects that are similar to the proposed AHSC **Project** in scope and size, which have been completed by the applicant, or joint applicant, during the ten years preceding the application due date.
- (A) For **STI** or **TRA** components only, an applicant may demonstrate the requisite experience (as detailed above) by using the past experience of work completed of a Locality or Transportation Agency non-applicant so long as the applicant can provide an executed agreement with that specific **Locality** or transportation agency non-applicant for the completion of the **STI** or **TRA** components of the AHSC Project for which funding is sought.
- (13) As of the date of application, the applicant(s), the **Project**, or the real property on which the **Project** is proposed may not be party to or the subject of any claim or action in the state or federal courts that affects or potentially affects the feasibility of the project. Further, the applicant(s) shall disclose and describe any claim or action undertaken by or against the applicant(s), the **Project** or the Property which affects or potentially affects the feasibility of the **Project**.
- (14) Construction of the **Project** has not commenced as of the application deadline set forth in the **NOFA**.
- (15) **Qualifying Transit** must be completed and offering service to the **Transit Station/Stop** of the **Project Area** by the time set forth in the Standard Agreement, but in no case later than the issuance of the certificate of occupancy for the **Affordable Housing Development**.
- (16) Demonstrate consistency with State Relocation Assistance Law (CA Gov Code Sec. 7260-7277).
- (17) The Housing Element for the jurisdiction in which the **Project** is located must have been adopted by the jurisdiction's governing body and subsequently determined to be in substantial compliance with State housing element law pursuant to Government Code Section 65585 by the date of the award recommendation. A jurisdiction's current housing element compliance status can be obtained by referencing the **Department's** website at [www.hcd.ca.gov](http://www.hcd.ca.gov).
- (18) Applications must integrate applicable climate adaptation measures as described in Section 107(n).
- (19) The applicant must demonstrate that costs for any **Project** or component thereof will not result in loss or conversion of agricultural or other working lands or natural resource lands for other uses. The **Project** site must not be designated as agricultural land according to the State Department of Conservation's Farmland Mapping and Monitoring Program (FMMP) Tool. An exemption to the FMMP designation may be allowed for applications that submit documentation that substantiates a description of an **Infill Site**.

- (20) Applications requesting **AHSC Program** funding for **Affordable Housing Developments** and **Housing-Related Infrastructure Capital Projects** must also demonstrate to the satisfaction of the **Department** all of the following:
- (A) Rental **Affordable Housing Developments** must meet the underwriting standards in the Uniform Multifamily Regulations, 25 CCR 8300 and the Multifamily Housing Program Regulations, 25 CCR 7312.
  - (B) The **Affordable Housing Development** and/or **Housing-Related Infrastructure Capital Project(s)** are infeasible without **AHSC Program** funds, and other committed funds are not and will not be supplanted by **AHSC Program** funds.
  - (C) Proposed **Projects** involving new construction or **Substantial Rehabilitation** and requiring the demolition of existing residential units are eligible only if the number of bedrooms in the new **Project** is at least equal to the number of bedrooms in the demolished structures, with equal or greater affordability. The new affordable units may exist on separate parcels provided all parcels are part of the same **Project** meeting the requirements of the Uniform Multifamily Regulations Section 8303 (b).
    - (i) The Department may approve Projects involving new construction or Substantial Rehabilitation and requiring the demolition of existing residential units that result in a number of bedrooms less than the number in the demolished structures where it determines that such approvals will substantially improve the livability of the remaining units, or serve some other compelling public policy objective, as long as the reduction does not result in more than 25 percent fewer units upon Project completion.
  - (D) Applicants must demonstrate the proposed **Affordable Housing Development** is consistent with State and Federal Fair Housing requirements including duties to affirmatively further fair housing.
  - (E) Where approval by a local public works department, or other responsible local agency, is required for the **Housing-Related Infrastructure Capital Project**, the application must include a statement from that department indicating that the **Housing-Related Infrastructure Capital Project** is consistent with all applicable local rules, regulations, codes, policies and plans enforced or implemented by that **Department**.
- (21) Applications requesting AHSC Program funding for **Sustainable Transportation Infrastructure** and/or **Transportation-Related Amenities Capital Projects** must satisfy all the following:
- (A) Where approval by a local public works department, or other responsible local agency, is required for the **Project**, the application must include a statement from that entity indicating that the **Sustainable Transportation Infrastructure** and/or **Transportation-Related Amenities Capital**

**Project(s)** is consistent with all applicable local rules, regulations, codes, policies and plans enforced or implemented by that entity.

- (B) If the **Sustainable Transportation Infrastructure** and/or **Transportation-Related Amenities Capital Project(s)** involves the demolition existing units affordable to lower-income households, the application must demonstrate the replacement of demolished units, comparable in size, of equal or greater affordability and equal to or greater than the number of the demolished affordable units located within comparable access to transit and include first right of return to displaced residents.
  - (i) The no net loss requirements contained in section 106(a)(20)(C) of these Guidelines apply to **Sustainable Transportation Infrastructure or Transportation-Related Amenities Capital Projects** occurring on a property which includes a parcel, or any portion of a parcel, on which (1) residential dwelling units affordable to lower income households currently exist, or (2) there have been dwelling units restricted to lower-income households that have been vacated or demolished within the five year period preceding the application.
- (22) Applications requesting AHSC Program funding for **Program Costs** must also demonstrate to the satisfaction of the Department all the following:
  - (A) The **Program Costs** are infeasible without AHSC Program funds, and other committed funds are not being supplanted by AHSC Program funds
- (23) All proposed AHSC **Project** components are subject to all applicable codes, including the California Building Standards Code (California Code of Regulations, Title 24). The 2019 edition of this code, effective January 1, 2020, requires mechanical ventilation systems with high efficiency filtration of Minimum Efficiency Rating Value (MERV) 13.
- (24) Outreach and education on reducing potential health impacts of air pollution must be provided to residents of **Affordable Housing Developments**.



## Section 107. Scoring Criteria

**AHSC Program** funds will be allocated through a competitive process, based on the merits of the application to support sustainable development that expands and improves transit, walking and bicycling infrastructure and provides opportunities to reduce VMT by supporting connectivity between housing and destinations to bring about reduction of GHG emissions.

The scoring criteria is divided by three categories, for a total of 100 points:

1. GHG Reductions Scoring (30 points)
2. Quantitative Policy Scoring (55 points)
3. Narrative-Based Policy Scoring (15 points)

Applications meeting threshold requirements as detailed in Section 106 will be reviewed and scored based upon the detailed criteria as described in Figure 5 below. The narrative-based policy scoring section of the application will be scored only for projects that obtain over 50 percent of the total points available (at least 43 of the 85 other available Quantitative and GHG-related points). All of the scoring criteria will be applied to all **Projects**, regardless of the project components present in each specific **Project**.

To receive points related to a specific **Project** component, the component must be at least partially funded through AHSC (e.g. an applicant can only receive points related to an **Affordable Housing Development** when requesting **AHD** or **HRI** funds).

<b>Figure 5 AHSC Scoring Elements and Criteria</b>	
<b>Criteria</b>	<b>Points</b>
<b>GHG Quantification Methodology Scoring</b>	
GHG Efficiency	15
GHG Total	15
<b>Quantitative Policy Scoring</b>	
Active Transportation Improvements	10
Green Buildings and Renewable Energy	8
Housing and Transportation Collaboration	10
Location Efficiency and Access to Destinations	6
Funds Leveraged	5
Anti-Displacement Strategies	5
Local Workforce Development and Hiring Practices	2
Housing Affordability	5
Programs	2
Urban Greening	2
<b>Narrative-Based Policy Scoring</b>	
Collaboration & Planning	4
Community Benefit & Engagement	6
Community Climate Resiliency	3
Community Air Pollution Exposure Mitigation	2
<b>Total Scoring</b>	<b>100</b>

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

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

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

- (1) For each **Project**, applicants will calculate the estimated GHG reductions using the most recent AHSC Benefits Calculator Tool and AHSC Quantification Methodology, located on the California Air Resources Board's CCI Quantification, Benefits, and Reporting Materials webpage ([www.arb.ca.gov/cci-resources](http://www.arb.ca.gov/cci-resources)).
- (A) Total **Project** GHG Reduction score will represent the total GHG reduction calculated through the AHSC Benefits Calculator Tool, and
- (B) Cost efficiency of estimated GHG reductions will be calculated by the following formula:

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

*Note: For phased projects, only the current phase (the phase seeking AHSC funding) of a project will be quantified.*

- (2) All applications will be ranked from highest to lowest within each **Project Area** type for both the total **Project** GHG Reduction score and the Efficiency of Reductions score.
- (3) Each application will be assigned to one of five bins representing one fifth of the total number of applications in ranked order with each bin receiving an assigned point score, up to a maximum of 15 points for both (1) total **Project** GHG reduction score and (2) cost efficiency of estimated GHG reductions, as follows:

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

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

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

+

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

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

### Quantitative Policy Scoring – 55 Points

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

- (1) Up to 3 points for the total length (in linear miles) of AHSC funded **Context Sensitive Bikeways** as follows:
  - 3 points for over 2 miles
  - 2 points for over half a mile
  - 1 point for less than half a mile
- (2) 1 point for the identification of **Key Destinations** within the **Project Area** that will be linked to the **Affordable Housing Development** or any **Qualifying Transit Station or Stop** by bikeways funded by AHSC. The bikeway must have an entry point within one quarter mile of either the **Affordable Housing Development** or a **Qualifying Transit Station or Stop** and an exit point within one quarter mile of the **Key Destination** as detailed on the **Project Area** map.
- (3) 1 point for projects that provide a key bicycle network gap closure. Documentation must be provided to certify that the **Project** will do at least one of the following in an attempt to increase bicycle safety and access: reduce vehicular speed or volume near bicycle users, improve sight distance and visibility, eliminate potential conflict points, improve compliance with traffic laws, or address any other barriers to cyclists that may have existed on the route.
- (4) Up to 3 points for the length of AHSC funded **Safe and Accessible Walkways** as follows:
  - 3 points for >3,000 feet
  - 2 points for 2,000 to 2,999 feet
  - 1 point for 1,000 to 1,999 feet

Indicate the measured length (in feet) of new or replaced sidewalk. Do not include existing sidewalk sections that are not improved as part of the project. Improvements or construction of multiple sections of sidewalk may be

assembled for a total length as long as that calculation does not include unimproved sections.

- (5) 1 point for the identification of **Key Destinations** within the **Project Area** that will be linked to the **Affordable Housing Development** or any **Qualifying Transit Station or Stop** by walkways funded by AHSC. The walkway must have an entry point within one quarter mile of either the **Affordable Housing Development** or a **Qualifying Transit Station or Stop** and an exit point within one quarter mile of the **Key Destination** as detailed on the Project Area Map.
- (6) 1 point for projects that provide a key pedestrian network gap closure. Documentation must be provided to certify that the **Project** will do at least one of the following in an attempt to increase pedestrian safety and access: reduce vehicular speed or volume near pedestrians, improve sight distance and visibility, eliminate potential conflict points, improve compliance with traffic laws, or address any other barriers to pedestrians that may have existed on the route.

(c) **Green Buildings and Renewable Energy – 8 Points Maximum**

- (1) 3 points will be awarded for **Projects** that achieve green building status beyond State mandatory green building requirements. Applicants may select from the following green building certification programs:

Residential Construction	
Program	Tier
CalGreen	Tier 2
LEED	Gold
Green Point Rated	New Construction: Gold Rehabilitation: Whole Building
ENERGY STAR	Certified Home
Non-residential Construction	
Program	Tier
CalGreen	Tier 2
LEED	Gold

- (2) Up to 5 points will be awarded for **Projects** that achieve energy grid use reductions based on the following:

Level	Points
Energy Producer	2 points
Zero Net Energy	5 points

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

(d) **Housing and Transportation Collaboration - 10 Points Maximum**

- (1) Up to 6 points for applications with an AHSC funds request of at least \$1,000,000 for **Affordable Housing Developments** AND an AHSC funds request for **Sustainable Transportation Infrastructure** that comprises at least a certain percentage of the total AHSC funds request as detailed below:

STI Funds Request as percentage of Total AHSC Request	Points
10%	2 points
15%	4 points
25%	6 points

- (2) 2 points for applications which invest at least 5 percent of total AHSC funds on **Transportation Related Amenities** at a **Transit Station or Stop** within the **Project Area**. One point will be given to projects that invest at least 5 percent of total AHSC funds on **Transportation Related Amenities**, but not at a **Transit Station or Stop**.
- (3) 1 point for **Projects** which have received funding from other Greenhouse Gas Reduction Fund (GGRF) programs which directly benefit or contribute to the development of the proposed **Project**.
- (4) 1 point for **Projects** within environmentally cleared California high speed rail station planning areas.

(e) **Location Efficiency and Access to Destinations - 6 Points Maximum**

- (1) Up to 3 points will be given for the Location Efficiency of the **Project** site as determined by the US EPA Walkability Index using the address of the **Project** site. If the **Project** is a corridor and does not have a specific address, use the center most point of the **Project** for the calculation. The methodology for the Walkability Index can be found at [www.epa.gov/smartgrowth/smart-location-mapping#walkability](http://www.epa.gov/smartgrowth/smart-location-mapping#walkability)

Points will be given on the following scale:

- 3 points: Most Walkable (Dark Green; 15.25-20)
  - 2 points: Above Average Walkable (Light Green; 10.51-15.25)
  - 1 point: Below Average Walkable (Yellow; 5.76-10.5)
  - 0 points: Least Walkable (Orange; 1-5.75)
- (2) Up to 3 points will be given for projects that provide a map highlighting the location of existing **Key Destinations** within the Project Area. Each type of **Key Destination** is worth one half point and may only be counted once.
- Grocery store which meets the CalFresh Program requirements
  - Medical clinic that accepts Medi-Cal payments
  - Public elementary, middle or high school

- Licensed child care facility
- Pharmacy
- Park accessible to the general public
- Public library

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

- (1) A maximum of 5 points will be awarded for applications demonstrating **Enforceable Funding Commitments** to leverage AHSC funded **Capital Projects** and **Program** activities. Applications will be scored based on the amount of **Enforceable Funding Commitments** (as defined in Appendix A) from sources other than the **AHSC Program**, as a percentage of the requested amount of **AHSC Program** funds as follows:

<b>Enforceable Funding Commitments as percentage of Total AHSC Request</b>	<b>Points</b>
25% to 49%	1 point
50% to 99%	2 points
100% to 149%	3 points
150% to 199%	4 points
>200%	5 points

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

- (1) Up to 3 points (1 point per strategy) for **Projects** that either implement strategies or programs, or are located in jurisdictions with policies, strategies or programs that currently exist to prevent the displacement of local community residents from the area surrounding the **Project**. Strategies should be selected from this following list:\*

Implemented by Applicants or Local Jurisdiction:

- Just cause eviction or tenant anti-harassment policies
- Source of income non-discrimination policies
- Affirmative marketing strategies or plans targeting a **Disadvantaged Community or Low-Income Community**
- Residency Preference Plan prioritizing occupancy for **Disadvantaged Community or Low-Income Community residents**
- Providing the sale of discounted transit passes available for low-income individuals who live in the **Project Area** (not restricted to residents of the **AHD**).
- Required and/or incentives for contributions to local community land trusts
- Multi-lingual tenant legal counseling program

Implemented by Local Jurisdiction: \*

- Inclusionary zoning ordinances
- Density bonus ordinances that expand on state requirements
- Job-housing linkage fee or affordable housing linkage fee
- First right of return ordinance

- Policies to preserve Single Room Occupancy (SRO) housing or mobile home parks
- Condominium Conversion Restrictions
- Land banking programs
- Community benefit zoning and/or other land value recapture strategy
- Rent review board and/or mediation
- Foreclosure assistance

\* Strategies under “Implemented by Local Jurisdiction” will only be awarded points if these policies are implemented by the local jurisdiction.

- (2) Up to 2 points (1 point per strategy) for **Projects** demonstrating policies, strategies or programs that either currently exist or will be implemented through this **Project** to prevent the displacement of locally-owned businesses from the area surrounding the **Project**. One point will be given for a policy, strategy, or program that either currently exists or is newly implemented through this **Project**. Two points will be given for two policies, strategies, or programs, either as one currently existing and one newly implemented through this **Project**, or both newly implemented through this **Project**. Strategies should be selected from this following list:

- Implementation of an overlay zone to protect and assist small businesses;
- Establishment of a small business advocate office and single point of contact for every small business owner;
- Creation and maintenance of a small business alliance;
- Increased visibility of the jurisdiction’s small business assistance programs;
- Formal program to ensure that some fraction of a jurisdiction’s purchases of goods and services come from local businesses;
- Prioritization of Minority and Women Business Enterprises (MWBE) for public contracting.

(h) **Local Workforce Development & Hiring Practices - 2 Points Maximum**

- (1) Up to 2 points for **Projects** that implement at least one workforce development strategy. Examples of workforce development strategies include:
- Establishing a partnership with a community-based workforce development and job training entities that have a track record of success serving disadvantaged populations and/or have demonstrated a high job placement rate among trainees from disadvantaged communities;
  - Partnerships with pre-apprenticeship programs, state certified community conservation corps programs, “earn-while-you-learn” programs, YouthBuild programs, and/or registered apprenticeship programs that lead to industry recognized credentials, certifications and/or references for long term employment;

- Partnerships with local Workforce Investment Board programs serving disadvantaged populations.
- Projects that have developed project labor, community workforce, or high-road agreements with targeted local hire specifications OR that are located in jurisdictions with local hire ordinances that directly apply to the proposed project

*Note: Projects in which every AHSC project component cannot legally implement local hire or workforce development strategies must include an explanation detailing these barriers in order to receive full points.*

(i) **Housing Affordability - 5 Points Maximum**

- (1) Up to 5 points will be awarded for applications which restrict a percentage of units in the **Affordable Housing Development** to Extremely Low Income (ELI) households:

Percent of total units restricted to ELI households	Points
5% to 10%	2 points
11% to 15%	3 points
16% to 20%	4 points
>20%	5 points

(j) **Programs – 2 Points Maximum**

- (1) 1 point will be awarded to applicants that propose an AHSC funded **Eligible Program Use** (excludes Transit Pass programs as required in Section 106(a)(4))
- (2) Up to 1 point will be awarded for applicants that provide documentation showing how the Program Operator will sustain the program beyond the term of the AHSC Program grant (three years).

(k) **Urban Greening – 2 Points Maximum**

- (1) 1 point will be awarded to applicants that propose between \$100,000 - \$199,999 in reasonable direct **Urban Greening** costs.
- (2) 2 points will be awarded to applicants that propose \$200,000 or more in reasonable direct **Urban Greening** costs.



## Narrative-Based Policy Scoring- 15 Points

The narrative-based policy scoring section of the application will be scored only for projects that obtain over 50 percent of the Quantitative and GHG QM points. For this section, applicants must include a PDF attachment of a write-up that addresses the following questions and prompts. Please include the bolded headers listed below for each section of the write-up; the questions should not be re-stated in the write-up. The total write-up may not exceed four pages, not including required documentation.

### (I) **Collaboration & Planning - 4 Points Maximum**

Collaboration between local governments and various housing and transportation providers is critical in creating a project that ensures connectivity and responds to its contexts. Outline how the proposed project brings together the efforts of local government, including housing and transportation agencies. The following prompts must be addressed in the narrative:

- (1) **Local Planning Efforts:** Identify what local planning efforts the project implements, and if applicable, describe what particular components of the project are derived from a local plan. Explain how local government agencies were involved in the process of creating the project.
  - Agencies to consider in your answer may include, but are not limited to: local public works department, transit agencies, planning and community development departments, housing departments, local health department, schools/school districts, emergency services, law enforcement, etc.
  - Examples of planning efforts to discuss may include, but are not limited to: General Plan (e.g., circulation element or housing element); Specific Plan; Community Plan; Climate Action Plan; Redevelopment Plan; Bicycle Master Plan; Disadvantaged Community Assessment (Government Code Section 65302); Pedestrian Master Plan; Local Coastal Plan; Transit Plan; Transit Corridor Plan; Station Area Plan; Corridor System Management Plan; Transportation Demand Management (TDM) Strategy or Plan.

*Required Documentation: Applicable section or elements of local planning document.*

- (2) **Housing and Transportation Collaboration:** Describe the relationship between the joint-applicants or partners that worked together to create the proposed AHSC **Project**. Explain the process involved in coming together to create a larger vision for the **Project Area**. Describe the integration of housing, transportation, and urban greening infrastructure components in creating a cohesive **Project**.

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

(m) **Community Benefits & Engagement - 6 Points Maximum**

Community involvement and leadership are crucial to ensuring that both the principle objectives and co-benefits of the project respond to the true needs of local residents. Explain how local residents and community-based organizations were meaningfully engaged in developing the **Project**, especially those from **Disadvantaged** and **Low-income Communities**, and how the project addresses community-identified needs. Please address the prompts below in your narrative.

- (1) **Community Engagement and Leadership:** Describe how community-based organizations and local residents have been meaningfully involved in the visioning and development of this project. Explain in which stage(s) of the process community members and CBOs have been and will be engaged. Describe efforts to involve **Disadvantaged** and/or **Low-Income Community** residents, including how meetings were advertised and made accessible.
- (2) **Addressing Community Needs:** Demonstrate how the proposed AHSC project meets one or more identified community needs, articulating how these needs were identified (e.g. through the community engagement process, a local needs assessment, as part of a local health department plan or other city/county plan, etc.). Address community needs beyond the provisions of housing and transportation. For projects located in a **Disadvantaged Community** or **Low-Income Community**, applicants are also encouraged to cite top burdens from their CalEnviroScreen 3.0 score as community needs that their projects will address.

*Required Documentation:*

1. *Letter of support from local community-based, grassroots organization describing the community engagement process and how feedback from local residents was incorporated into the project.*
2. *Community Engagement Tracker: Provide additional information on events where community participation occurred in the Community Engagement Tracker template.*

(n) **Community Climate Resiliency - 3 Points Maximum**

Communities will continue to experience effects of climate change in various ways, including increased likelihood of droughts, sea level rise, flooding, wildfires, heatwaves and severe weather. Due to these effects, climate resiliency is a key part of planning and project implementation decisions.

- (1) **Climate Adaptation:** Consider if the surrounding community is experiencing specific climate vulnerabilities and how this **Project** aims to address specific concerns. List projected climate impacts surrounding temperature and extreme heat, precipitation, sea level rise and inundation, and wildfires. Describe how potential climate impacts are taken into consideration in the design of the proposed **Project**, such as the incorporation of **Natural Infrastructure**, and, if applicable, how the project conforms with the local implementation of SB 379, Government Code section 65302(g)(4), where cities and counties are required

to address climate adaptation and resiliency strategies in the Safety Element of their General Plan.

*Note: For tools to help assess general climate impacts, please visit <http://cal-adapt.org/>. To assess sea level rise, please visit [https://walrus.wr.usgs.gov/coastal\\_processes/cosmos/](https://walrus.wr.usgs.gov/coastal_processes/cosmos/).*

(o) **Community Air Pollution Exposure Mitigation – 2 Points Maximum**

- (1) **Air Pollution Exposure Mitigation Strategies:** Identify pollutants of concern and/or known sources of pollution affecting the Project Area. Report the PM2.5, Diesel PM, Toxic Releases to Air, and Traffic Density percentiles as described in CalEnviroScreen 3.0 for the census tract in which the project will be sited.\* Describe how air pollution mitigation strategies are utilized in the design of the **Project**.

<b>Example Strategies:</b>
Speed reduction mechanisms, including roundabouts
Traffic signal management
Design that promotes air flow and pollutant dispersion along street corridors
Solid barriers, such as sound walls
Vegetation for pollutant dispersion
MERV 13 or higher air filtration system

*Note: These strategies are limited by the many factors that may influence their effectiveness, ranging from local meteorology and topography to human use, maintenance, etc.*

*Note: For additional suggested strategies to mitigate air pollution exposure see the following resources:*

- Bay Area Air Quality Management District, “Planning Healthy Places”: [http://www.baaqmd.gov/~media/files/planning-and-research/planning-healthy-places/php\\_may20\\_2016-pdf.pdf?la=en](http://www.baaqmd.gov/~media/files/planning-and-research/planning-healthy-places/php_may20_2016-pdf.pdf?la=en)
- California Air Resources Board, “Strategies to Reduce Air Pollution Exposure near High Volume Roadways: Technical Advisory” [https://www.arb.ca.gov/ch/rd\\_technical\\_advisory\\_final.PDF](https://www.arb.ca.gov/ch/rd_technical_advisory_final.PDF)
- U.S. Environmental Protection Agency, “Best Practices for Reducing Near-Road Air Pollution Exposure at Schools” <https://www.epa.gov/schools/basic-information-about-best-practices-reducing-near-road-pollution-exposure-schools>
- Los Angeles County Department of Regional Planning, Healthy Design Ordinance: <http://planning.lacounty.gov/hdo>
- California Governor’s Office of Planning and Research, “General Plan Guidelines”. Chapter 6- Healthy Communities: [http://opr.ca.gov/docs/OPR\\_COMPLETE\\_7.31.17.pdf](http://opr.ca.gov/docs/OPR_COMPLETE_7.31.17.pdf)

*Note: A geographic area's percentile for a given indicator simply tells the percentage of areas with lower values of that indicator. A percentile does not describe the magnitude of the difference between two or more areas. For example, an area ranked in the 30th percentile is not necessarily three times more impacted than an area ranked in the 10th percentile.*

*\* A spreadsheet showing raw data and calculated percentiles for individual indicators for individual census tracts can be downloaded at:*

*<https://oehha.ca.gov/media/downloads/calenviroscreen/document/ces3results.xlsx>.*

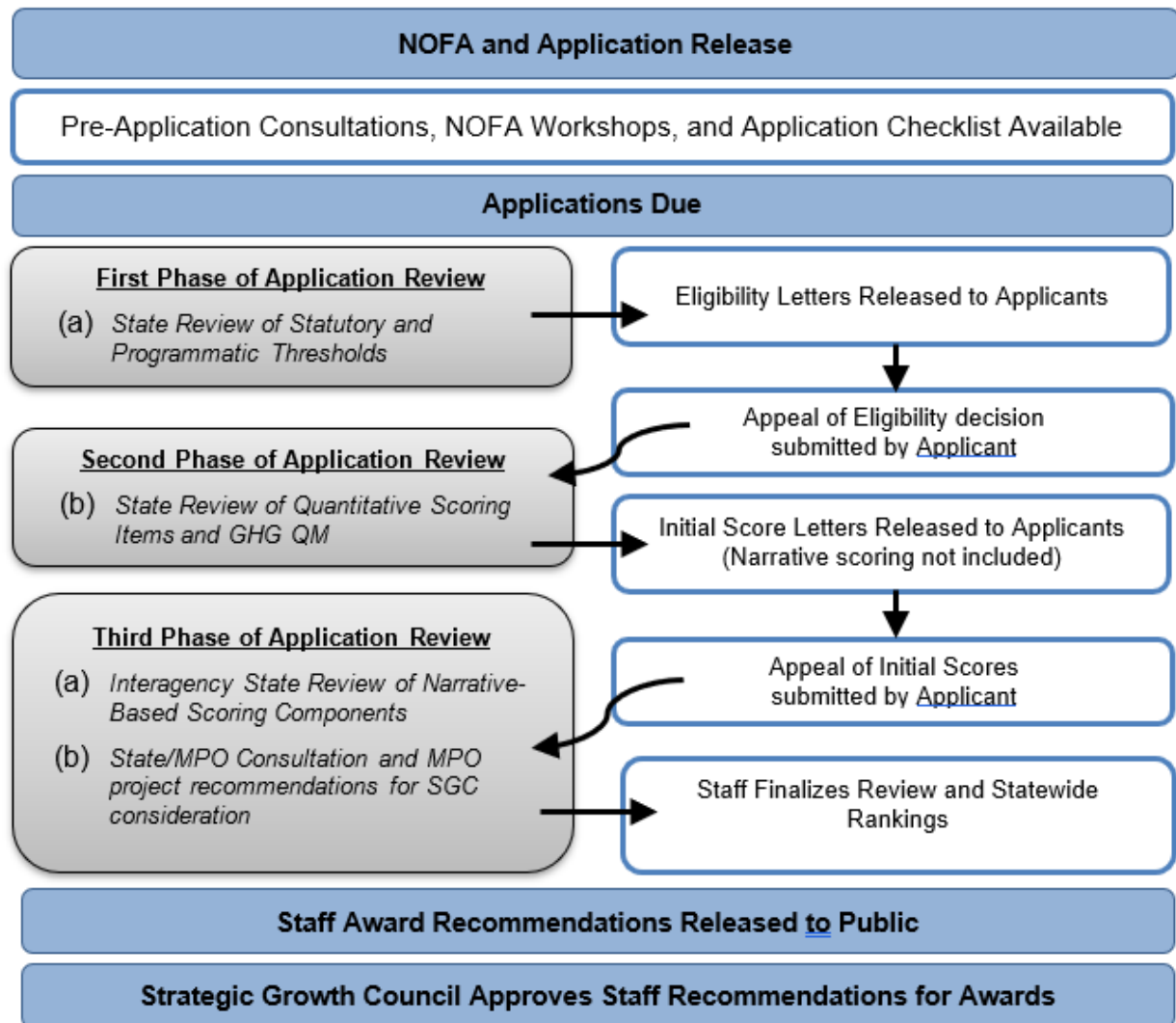
## **Section 108. Application Process**

- (a) Pursuant to direction of the **Council**, the **Department** shall offer funds through a **NOFA** and applications will be reviewed based on the steps detailed below and illustrated in Figure 6.
- (b) The **Department** will offer optional pre-application consultations as detailed in the **NOFA** in order to provide assistance to applicants regarding minimum threshold eligibility and other program requirements.
- (c) Applications will be made available through the **Department**, and complete applications must be submitted to the **Department** by the deadline detailed in the **NOFA**.
- (d) The highest scoring applications that meet all threshold requirements as determined by the **Department**, based on criteria set forth in these guidelines, shall be recommended to the **Council** for funding as specified in the **NOFA**. The **Council** may make adjustments in this procedure to meet the following objectives:
  - (1) At least fifty (50) percent of **AHSC Program** expenditure for **Projects** benefitting and located in **Disadvantaged Communities**.
  - (2) At least fifty (50) percent of the annual proceeds appropriated for the **AHSC Program** shall be expended for affordable housing. For the purposes of this set-aside, expenditures related to **Affordable Housing Development** and **Housing-Related Infrastructure Capital Projects** shall count toward this requirement.
  - (3) **Project Area** type targets are as follows:
    - (A) Target thirty five (35) percent of funds available as designated in the **NOFA** to **TOD Project Area** applications.
    - (B) Target thirty five (35) percent of funds available as designated in the **NOFA** to **ICP Project Area** applications.
    - (C) Target ten (10) percent of funds available as designated in the **NOFA** to **RIPA** applications.

- (D) Remaining twenty (20) percent of available funds may be awarded to any eligible project area type.
  - (E) To the extent applications received are not sufficient to meet **TOD Project Area, ICP Project Area or RIPA** targets detailed in (i), (ii) and (iii) above, the **Council** reserves the right to waive these requirements and recommend funding a greater percentage of applications in either of the three identified **Project Area** types.
- (4) **Project Area** type targets and statutory set-asides detailed in (3) above will be subject to the following process:
- (A) Applications for TOD, ICP and RIPA Project Areas will be ranked based on the result of the Estimated GHG Emissions Reductions as stated in Section 107(a) and binned separately by respective **Project Area** types.
  - (B) For each application, the resulting score from this initial binning will be added to scores from the quantitative and narrative-based scoring criteria to determine an applicant's total score.
  - (C) Total application scores will be ranked within each **Project Area** type (TOD, ICP and RIPA). Applications will be recommended to the Council for award based on the amount of funding targeted in each **Project Area** type, as detailed in Section 108(d)(3).
  - (D) Applications not recommended for funding based on the application of **Project Area** type set-asides will be re-binned based on the Estimated GHG Emissions Reductions using the same methodology outlined in section 107(a) without regard to **Project Area** type.
  - (E) Each application's resulting **GHG Emissions Reductions** score will be added to previously determined scores for other project criteria to determine a revised total application score. This revised total application score will be used to allocate the remaining 20 percent of funds available under the NOFA, with specific consideration given to ensure statutory set-asides for **Affordable Housing** and **Disadvantaged Communities** are met.
- (5) Though there are no statutory requirements or specific targets for regional allocation of awards, the **Council** is committed to striving for an equitable distribution of resources. Since it is in the interest of the State to fund a variety of project types and scales in a variety of locations to demonstrate the many ways GHG emissions may be reduced, adjustments may be made in the recommendation and award of funds.
- (6) A single **Developer** may receive no more than \$40 million per **NOFA** funding cycle, however this limitation may be waived if necessary to meet AHSC statutory funding set-asides.

- (7) As station area plans for High Speed Rail are implemented, the **Council** may prioritize investments in these areas.
  - (8) The **Department** may elect to not evaluate compliance with some or all threshold requirements for applications that are not within a fundable range.
  - (9) In the event of two or more applications having the same scores, the Council has the discretion to make the final selection regarding these projects to ensure alignment with the objectives set out in these **AHSC Program** Guidelines.
  - (10) Applications recommended for funding and approved by the **Council** are subject to conditions specified by the **Department**. Applicants will receive an official letter of award after funding recommendations are approved by the **Council**.
  - (11) Applications will be treated in accordance with Public Records Act. Certain information, in accordance with the Public Records Act, may be publicly disclosed.
- (e) Metropolitan Planning Agency Role in Application Review
- (1) To support implementation of an applicable SCS and consistency with activities or strategies identified in a regional SCS, or similar planning document that demonstrate a per capita reduction in VMT and GHG, as allowed by SB 862 (Chapter 36, Statutes of 2014), an MPO/region may develop its own process prior to the application due date to identify and recommend applications that have the highest regional priorities based on criteria established by the MPO/region.

**Figure 6: AHSC Program Application Review Process**



## Article III. Legal and Reporting Requirements

### Section 109. Legal Documents

- (a) **Rental Affordable Housing Developments:** Upon the award of **AHSC Program** funds to assist a rental **Affordable Housing Development**, the **Department** shall enter into one or more agreements with the applicant, which may be in the form a State of California Standard Agreement (Standard Agreement), which shall commit funds from the **AHSC Program** in an amount sufficient to fund the approved **AHSC Program** loan amount. The agreement or agreements shall contain the following:
- (1) a description of the approved **Affordable Housing Development** and the permitted uses of **AHSC Program** funds;
  - (2) the amount and terms of the **AHSC Program** loan;
  - (3) the regulatory restrictions to be applied to the **Affordable Housing Development** through the Regulatory Agreement;
  - (4) special conditions imposed as part of the **Department's** approval of the **Affordable Housing Development**;
  - (5) requirements for the execution and the recordation of the agreements and documents required under the **AHSC Program**;
  - (6) terms and conditions required by federal and state law;
  - (7) requirements regarding the establishment of escrow accounts for the deposit of documents and the deposit and disbursement of **AHSC Program** loan proceeds;
  - (8) the approved schedule of the **Affordable Housing Development**, including land acquisition if any, commencement and completion of construction or rehabilitation work, and occupancy by eligible households;
  - (9) terms and conditions for the inspection and monitoring of the **Project** in order to verify compliance with the requirements of the **AHSC Program**;
  - (10) provisions regarding tenant relocation in accordance with State law;
  - (11) provisions relating to the placement of a sign on or in the vicinity of, the **Affordable Housing Development** site indicating that the **Council** has provided financing for the **Affordable Housing Development**. The **Council** may also arrange for publicity of the **AHSC Program** loan in its sole discretion;
  - (12) provisions to ensure that the eligible costs and use of **AHSC Program** funds maintain the required GHG Reduction represented in the application;
  - (13) other provisions necessary to ensure compliance with the requirements of the **AHSC Program**.



- (14) Description of the conditions constituting breach of the agreement(s) and remedies available to the parties thereto; and
- (15) Any of the **Department's** standard contractual terms that may be applicable.
- (b) For rental **Affordable Housing Developments** the **Department** shall enter into a Regulatory Agreement with the applicant for not less than the original term of the loan that shall be recorded against the property of the **Affordable Housing Development** prior to the disbursement of funds. The Regulatory Agreement shall include, but not be limited to, the following:
  - (1) The number, type and income level of **Restricted Units**;
  - (2) Standards for tenant selection pursuant to 25 CCR 8305;
  - (3) Provisions regulating the terms of the rental agreement pursuant to 25 CCR 8307;
  - (4) Provisions related to a Rent Schedule, including initial rent levels for **Restricted Units** and non-Restricted Units pursuant to subsections (a) and (b) of 25 CCR 7312;
  - (5) Conditions and procedures for permitting rent increases pursuant to 25 CCR 7312;
  - (6) Provisions for limitations on Distributions pursuant to 25 CCR 8314 and on developer fees pursuant to 25 CCR 8312;
  - (7) Provisions regarding the deposit and withdrawal of funds to and from reserve accounts in accordance with 25 CCR 8308 and 8309;
  - (8) Assurances that the **Affordable Housing Development** will be maintained in a safe and sanitary condition in compliance with state and local housing codes and the management plan, pursuant to 25 CCR 7324;
  - (9) Description of the conditions constituting breach of the Regulatory Agreement and remedies available to the parties thereto;
  - (10) Provisions governing use and operation of non-Restricted Units and common areas to the extent necessary to ensure compliance with AHSC Program requirements;
  - (11) Special conditions of loan approval imposed by the **Department**;
  - (12) Article 4, Subchapter 4, Chapter 7, Division 1 of Title 25, "Program Operations," Sections 25 CCR 7321 through 7326, shall apply to rental **Affordable Housing Developments** assisted by the **AHSC Program**; and
  - (13) Other provisions necessary to assure compliance with the requirements of the **AHSC Program**.

- (c) All **AHSC Program** loans for assistance to rental **Affordable Housing Developments** shall be evidenced by a promissory note payable to the **Department** in the principal amount of the loan and stating the terms of the loan consistent with the requirements of the **AHSC Program**. The note shall be secured by a deed of trust on the **Affordable Housing Development** property naming the **Department** as beneficiary or by other security acceptable to the **Department**; this deed of trust or other security shall be recorded junior only to such liens, encumbrances and other matters of record approved by the Department and shall secure the **Department's** financial interest in the **Affordable Housing Development** and the performance of applicant's **AHSC Program** obligations.
- (d) Grants shall be governed by a Standard Agreement or other agreement with the **Recipient** in a form prescribed by the **Department**. The agreement shall ensure that the provisions of these Guidelines are applicable to the **Project** covered by the agreement and enforceable by the **Department**. The agreement will contain such other provisions as the **Department** determines are necessary to meet the requirements and goals of the **AHSC Program**, including but not limited to the following:
- (1) A description and sources and uses of the approved **Project** and the permitted uses of **AHSC Program** funds;
  - (2) Provisions governing the amount, terms and conditions of the **AHSC Program** grant;
  - (3) Provisions governing the construction work and, as applicable, the acquisition and preparation of the site of the **Capital Project**, and the manner, timing and conditions of the disbursement of grant funds;
  - (4) A schedule for completion of the **Project** and a series of milestones for progress toward **Project** completion together with the remedies available to the **Department** in the event of the failure to meet such milestones;
  - (5) Provisions for the payment of prevailing wages if and as required by state or federal law;
  - (6) Requirements for periodic reports from the **Recipient** on the construction and use of the **Project** and provisions for monitoring of the **Project** by the **Department**;
  - (7) The **Recipient's** responsibilities for the development of the approved **Project**, including, but not limited to, construction management, maintaining of files, accounts and other records, and report requirements;
  - (8) Provisions relating to the development, construction, affordability and occupancy of the **Affordable Housing Development** supported by the **Housing-Related Infrastructure Capital Project**, if applicable;

- (9) Provisions relating to the placement on, or in the vicinity of, the **Project** site, a sign indicating that the **Council** has provided financing for the **Project**. The **Council** may also arrange for publicity of the grant in its sole discretion;
- (10) Remedies available to the **Department** in the event of a violation, breach or default of the Standard Agreement;
- (11) Requirements that the **Recipient** permit the **Department** or its designated agents and employees the right to inspect the **Project** and all books, records and documents maintained by the **Recipient** in connection with the **AHSC Program** grant or loan or both;
- (12) Special conditions imposed as part of **Department** approval of the project;
- (13) Terms and conditions required by federal or state law;
- (14) Provisions to ensure that the **Project** maintains the required **GHG Reduction** as represented in the application; and
- (15) Other provisions necessary to ensure compliance with the requirements of the **AHSC Program**.

## Section 110. Reporting Requirements

- (a) During the term of the Standard Agreement and according to the annual deadline identified in the Standard Agreement, the **Recipient** shall submit, upon request of the **Department** and the **Council**, an annual performance report that demonstrates satisfaction of all reporting requirements pursuant to the **AHSC Program** reporting requirements identified in the Standard Agreement. Recipient shall also submit the reports required by 25 CCR Section 7325 and 7326 and any additional reporting requirements developed by the **Department**, the **Council** or **ARB**. The reports will be filed on forms provided by the **Department**.
- (b) **Recipient** is responsible for meeting the applicable project reporting requirements of CARB's *Funding Guidelines for Agencies that Administer California Climate Investments* as well as CARB's AHSC Program Quantification Methodology and Calculator Tool. These may include, but are not limited to: **Project** metrics; the duration over which the **Recipient** will track **Project** metrics; frequency of reporting; the format **Recipient** will use to report; **Project** profile information; **Project** benefit information; and information related to **Priority Population** benefits.
- (1) Award recipients are required to submit estimates of jobs supported by their projects using CARB's Jobs Co-benefit Assessment Methodology within 90 days of award. This methodology will estimate the number of jobs supported by the AHSC investment based upon the **Project's** budget.
- (2) Consistent with the *2018 Funding Guidelines for Agencies that Administer California Climate Investments*, AHSC funding recipients must track and report the employment outcomes of their projects. Given that the AHSC Round 4 guidelines were developed concurrently with the *2018 California Climate Investments Funding Guidelines*, only a sample of Round 4 AHSC award recipients will be required to complete job reporting as a transitional measure. Any AHSC award recipient already collecting employment outcome information (e.g., as a condition for federal funding) will be subject to job reporting requirements in Round 4. SGC staff may also require additional award recipients to report on **Employment Benefits and Outcomes Reporting**. Award recipients sampled for job tracking in Round 4 will be required to report on employment benefits and outcomes created supported by the AHSC investment and all leveraged funding, while accommodating provisions for data privacy. Once funds are disbursed, reporting may occur as frequently as an annual basis. AHSC Program staff will work with applicants to clarify what the jobs reporting process may look like.

The following items must be reported according to each job classification or trade:

- Job Training Credentials including Credentials from Apprenticeship and Workforce Development Programs
- Number of Jobs Provided
- Total Project Work Hours
- Average Hourly Wage
- Total Number of Workers who Completed Job Training

- Description of Job Quality and Benefits Provided (insurance, annual leave, overtime, etc.)

Number of jobs, project work hours, and average hourly wage for **Priority Populations** must also be indicated. A complete list of required tracking indicators will be provided to awardees and included in their Standard Agreements.

The following references are available for additional guidance in determining employment and other co-benefit reporting requirements:

- Funding Guidelines: <https://ww2.arb.ca.gov/resources/documents/cci-funding-guidelines-administering-agencies>
- Benefit Assessment: <https://ww2.arb.ca.gov/resources/documents/cci-quantification-benefits-and-reporting-materials>
- Co-benefit Assessment Methodologies: <https://ww2.arb.ca.gov/resources/documents/cci-methodologies>

All projects awarded in future rounds will be subject to **Employment Benefits and Outcomes Reporting** requirements.

- (c) At any time during the term of the Standard Agreement, the **Department** may perform or cause to be performed a financial audit of any and all phases of the **Recipient's Project**. At the **Department's** request, the **Recipient** shall provide, at its own expense, a financial audit prepared by a certified public accountant. The State of California has the right to review project documents and conduct audits during project implementation and over the project life.

(c) **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 later than July 30, 2024.
- (1) **Recipients** may request extensions of the performance requirement in Section 111(a) by addressing a letter to SGC's Executive Director explaining the circumstances for why an extension is needed and detailing a plan for meeting the extended performance requirement deadline. At the discretion of SGC's Executive Director, an extension of up to two (2) years may be granted.
- (b) The housing units 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 later than July 30, 2024.
- (1) **Recipients** may request extensions of the performance requirement in Section 111(b) by addressing a letter to SGC's Executive Director explaining the circumstances for why an extension is needed and detailing a plan for meeting the extended performance requirement deadline. At the discretion of SGC's Executive Director, an extension of up to two (2) years may be granted.
- (c) **AHSC Program** funds must be disbursed in accordance with deadlines specified in the Standard Agreement, and in no event later than the disbursement deadlines outlined in the **NOFA**.
- (d) **Recipients** may only reapply for **AHSC Program** funds in a subsequent **NOFA** for the same **Project** if the **Recipient** has disbursed at least fifty (50) percent of the funds allocated from prior awards.
- (e) Negative points will be assessed against the Developer on subsequent AHSC applications if the Project does not comply with the dates set in the Standard Agreement for the performance requirements described in Section 111(a) or Section 111(b).

## Section 112. Defaults and Cancellations

- (a) In the event of a breach or violation by the **Recipient** of any of the provisions of the Standard Agreement, the **Department** may give written notice to the **Recipient** to cure the breach or violation within a period of not less than 15 days. If the breach or violation is not cured to the satisfaction of the **Department** within the specified time period, the **Department**, at its option, may declare a default under the Standard Agreement and may seek legal remedies for the default including the following:
  - (1) The **Department** may seek, in a court of competent jurisdiction, an order for specific performance of the defaulted obligation or the appointment of a receiver to complete the **Project** in accordance with **AHSC Program** requirements.
  - (2) The **Department** may seek such other remedies as may be available under the relevant agreement or any law.
- (b) The **Department** may cancel funding commitments and Standard Agreements under any of the following conditions:
  - (1) The objectives and requirements of the **AHSC Program** cannot be met by continuing the commitment or Standard Agreement;
  - (2) Construction of the **Capital Project** or implementation of **Program Costs** cannot proceed in a timely fashion in accordance with the timeframes established in the Standard Agreement; or
  - (3) Funding conditions have not been or cannot be fulfilled within required time periods.
- (c) Upon receipt of a notice of intent to cancel the grant from the **Department**, the **Recipient** shall have the right to appeal to the Director of the **Department**.

### **Section 113. Prevailing Wages**

For the purposes of the State Prevailing Wage Law (Labor Code Sections 1720 – 1781), a grant or loan under the **AHSC Program** shall be considered public funding for the construction, rehabilitation, demolition, relocation, preservation, or other physical improvement of the **Capital Project** subject to the provisions of the State Prevailing Wage Law. AHSC Program funding of the **Project** shall not necessarily, in and of itself, be considered public funding of a **Project** unless such funding is considered public funding under the State Prevailing Wage Law. It is not the intent of the **Department** in these regulations to subject **Projects** to the State Prevailing Wage Law by reason of **AHSC Program** funding of the **Project** in those circumstances where such public funding would not otherwise make the **Project** subject to the State Prevailing Wage Law. Although the use of **AHSC Program** funds does not require compliance with federal Davis Bacon wages, other funding sources may require compliance with federal Davis Bacon wages.



## Appendix A. Definitions

- (a) “Active Transportation” means infrastructure and non-infrastructure projects that encourage increased use of active modes of transportation, but does not include funding program operations. The project types include but are not limited to:
  - (1) Infrastructure Projects: capital improvements (construction) that will encourage increased use of active modes of transportation, such as biking and walking.
  - (2) Non-infrastructure Projects: education, encouragement and planning activities must encourage increased use of active modes of transportation, such as biking and walking.
- (b) “Active Transportation Program” means non-infrastructure related programs which instill safe pedestrian, bicyclist and motorist behaviors to make safe active transportation possible. Non-infrastructure activities can stand-alone or be conducted with infrastructure projects (fixed facilities or permanent structural changes) to increase effectiveness.
- (c) “Activity Delivery Costs” means staff costs incurred by the Public Agency that are directly related to implementing specific Capital Project and Program Costs. They may include costs such as project document preparation, project underwriting, construction management, inspections, or reporting to the Department.
- (d) “Affordable Housing Development” means a Capital Project that is a Housing Development in which at least 20 percent of the total units are Affordable Units.
- (e) “Affordable Unit” means a housing unit that satisfies all the following criteria:
  - (1) The unit must satisfy one of the following affordability criteria:
    - (A) It is available at an “affordable rent” as that term is used and defined in Section 50053 of the Health & Safety Code;
    - (B) It is offered at an “affordable housing cost”, as that term is used and defined in Section 50052.5 of the Health & Safety Code; or
    - (C) It is available at an “affordable rent” or an “affordable housing cost” according to the alternative percentages of income for agency-assisted rental and cooperative housing developments pursuant to Department regulations adopted under Health and Safety Code section 50462(f).
  - (2) For “Affordable Units” that are rental units, they must be subject to a recorded Program covenant ensuring affordability for a duration of at least 55 years.
  - (3) For “Affordable Units” that are ownership units, they must be sold to and occupied by an income-qualified household, and subject to a recorded covenant with a duration of at least 30 years that includes either a resale restriction or equity sharing upon resale.

- (4) For the purposes of this definition, the terms “persons and families of low income” and “area median income” shall have the same meanings as set forth in Health and Safety Code section 50093 and 50093(c).
- (5) The unit must be occupied by a “lower income household” as defined by Health and Safety Code section 50079.5, which includes “very low income households” as defined by Health and Safety Code section 50105 and also includes “extremely low income households” as defined by Health and Safety Code section 50106.
- (f) “AHSC Program” means the program as outlined by these Program Guidelines.
- (g) “Area Median Income” means the most recent applicable county median family income published by the California Tax Credit Allocation Committee.
- (h) “Bus Rapid Transit” (BRT) means a rubber-tired form of rapid transit in an integrated system of facilities, equipment, services, and amenities that exceed the speed and reliability of regular bus service. BRT usually includes use of dedicated right-of way, including busways, exclusive lanes, and bypass/queue jumping lanes for buses at congested intersections to reduce vehicle running time and typically includes a combination of the following additional features: (1) center of road alignment, mixed-traffic prohibitive intersection treatments; (2) use of more limited-stop service including express service and skip-stopping; (3) application of Intelligent Transportation Systems (ITS) technology such as signal priority, automatic vehicle location systems, system security, and customer information; (4) platform level boarding and (5) off-board fare collection.
- (i) “Bus Service” means regularly scheduled public transit service operating with limited stops using a fixed route.
- (j) “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.
- (k) “CCR” means the California Code of Regulations.
- (l) “Context Sensitive Bikeway” means on-street infrastructure for bicycle riding that is appropriately applied based on the traffic volumes and speeds on a specific street, as recommended in the California Highway Design Manual as follows:
  - (1) For off street applications, install a Class I bicycle facility (Bicycle Path).
  - (2) For streets with speed limits of less than or equal to 25 MPH and vehicular average daily trips (ADT) of over 2,000, install Class II bicycle facility (Bike Lanes).
  - (3) For streets with speed limits of less than or equal to 25MPH and vehicular average daily trips (ADT) of under 2,000, install Class III bicycle facility (Bicycle Route) that functions as a “Bicycle Boulevard”, that is, a route which includes

both sharrow markings and traffic control devices aimed at lowering vehicle speed, and which prioritize bicycle through trips for bicycles over vehicles. Some example traffic control devices include bicycle right of ways, chicanes, traffic diverters, and mini roundabouts.

- (4) For streets with a speed limit greater than 25MPH, install a Class IV bicycle facility (Protected Bike Lanes, or also known as Cycletracks).
- (m) "Council" means the California Strategic Growth Council, established pursuant to Public Resources Code Section 75121.
- (n) "Currently Developed" means that the land in question is altered by paving, construction, and/or land use that would typically have required regulatory permitting to have been initiated.
- (o) "Deferred Costs" means costs deferred at construction loan closing, including but not limited to: capitalized reserves, loan fees, syndication costs, legal, accounting, audit, consultant fees, and developer fees paid from operating cashflow.
- (p) "Department" means the Department of Housing and Community Development of the State of California.
- (q) "Developer" means the entity that the Department and the Council rely upon for experience, site control, and capacity, and which controls either (1) the Affordable Housing Development during development and through occupancy, (2) the Housing-Related Infrastructure during development and through completion, or (3) the Sustainable Transportation Infrastructure and Transit-Related Amenities during development and through operation.
- (r) "Disadvantaged Community" means a census tract with a score in the top 25 percent or one of the 22 additional census tracts that score in the highest 5 percent of Pollution Burden as identified in California Environmental Protection Agency's CalEnviroScreen 3.0 tool.
- (s) "Employment Benefit and Outcome Reporting" means submission of data about the jobs and related benefits created by the AHSC Investment as required by the *Funding Guidelines for Agencies Administering California Climate Investments*: [https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/2018-funding-guidelines.pdf?\\_ga=2.179788646.35143471.1539904702-756150235.1517359615](https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/2018-funding-guidelines.pdf?_ga=2.179788646.35143471.1539904702-756150235.1517359615)
- (t) "Enforceable Funding Commitment" means permanent commitments, including but not limited to the following:
  - (1) Low-income housing tax credit equity contributions (without the necessity of a tax credit reservation letter) and tax-exempt bonds in connection with four (4) percent low-income housing tax credits, AHSC Program funds, will be considered committed in this calculation.
  - (2) Funds conditionally reserved under the following programs shall be accepted as funding commitments: the Department of Housing and Urban Development's

(HUD) Supportive Housing Program (SHP), HOME Investment Partnerships Program (HOME), Community Development Block Grant Program (CDBG), and the California Department of Mental Health's Mental Health Services Act (MHSA) Program.

- (3) A land donation in fee for no other consideration that is supported by an appraisal or purchase/sale agreement ("Land Donation") or a local fee waiver resulting in quantifiable cost savings for the Project where those fees are not otherwise required by federal or state law ("Local Fee Waiver") may be considered a funding commitment. The value of the Land Donation will be the greater of either the original purchase price or the current appraised value as supported by an independent third party appraisal prepared by a MAI-qualified appraiser within one year of the application deadline. A funding commitment in the form of a Local Fee Waiver must be supported by written documentation from the local Public Agency.
- (4) Owner equity contributions or developer funds. Such contributions or funds shall not be subsequently substituted with a different funding source or forgone if committed in the application, except that a substitution may be made for up to 50 percent of deferred developer fee. The Department may require the applicant to evidence the availability of the proposed amount of owner equity or developer funds.
- (5) Funds for transportation projects which are programmed for allocation and expenditure in the applicable capital improvement plan consistent with the terms and timeframes of the Standard Agreement.
- (u) "Energy Efficiency" means managing and restraining the growth in energy consumption.
- (v) "Federally Recognized Indian Tribe" means Indian native tribe, band, nation, pueblo, village or community that the Secretary of the Interior acknowledges to exist as an Indian tribe, pursuant to the Federally Recognized Indian Tribe List Act of 1994, 25 U.S.C. 479a
- (w) "Flexible Transit Service" means a form of transit for the public characterized by flexible routing and scheduling of small/medium vehicles operating in shared-ride mode (with at least two passengers) between pick-up and drop-off locations according to passenger needs. Flexible Transit Service includes vanpool, shuttle and feeder bus systems that reduce vehicle miles travelled.
- (x) "Floor Area Ratio" (FAR) means the square footage of the floor area of a building divided by the site square footage, excluding therefrom dedicated streets, sidewalks, parks and open space. The floor area of a building is the sum of the gross area of each floor of the building, excluding mechanical space, cellar space, floor space in open balconies, enclosed parking and elevators or stair bulkheads. Multiplying the FAR by the area of the site produces the minimum amount of floor area required in a building on the lot. For example, on a 10,000 square-foot site in a

district with a minimum FAR of 1.5, the floor area of a building must be at least 15,000 square feet.

- (y) “Greenhouse Gas Reduction” (GHG Reduction) means actions designed to reduce emissions of one or all of the following gases: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.
- (z) “Green Streets” means a sustainable stormwater strategy that meets regulatory compliance and resource protection goals by using a natural systems approach to manage stormwater, reduce flows, improve water quality and enhance watershed health.
- (aa) “High Quality Transit” means a **Qualifying Transit** line with high frequencies AND permanent infrastructure as follows:
  - (1) Frequency: High Quality Transit must have Peak Period headway frequency of every 15 minutes or less and service seven days a week.
  - (2) Permanent Infrastructure: High Quality Transit must operate on a railway or be transit service with Bus Rapid Transit features that either fully or partially operate on a dedicated bus-only lane, or uses High Occupancy Vehicle (HOV) or High Occupancy Toll (HOT) lanes.
- (bb) “Housing Development” means a residential development or the residential portion of a mixed-use development.
- (cc) “Housing-Related Infrastructure” means a capital infrastructure improvement required as a condition of approval of an affordable housing development by a Locality, transit agency or special district such as sewer, water or utility system upgrades, streets, drainage basins, etc.
- (dd) “Infill Site” means a site for which at least three sides of the perimeter of the site adjoins parcels that are **Currently Developed** qualified **Urban Uses**. In counting this, perimeters bordering navigable bodies of water and improved parks shall not be included. In order to qualify as an infill site, the site must also be located in an urbanized area meaning that it fulfills one of the following requirements:
  - (1) located within an incorporated city according to an official City or County map, OR
  - (2) located within an urbanized area or urban cluster as defined by the U.S. Census Bureau at <http://www.census.gov/2010census/>, OR
  - (3) for unincorporated areas outside an urbanized area or urban cluster, the area shall be within a designated urban service area that is designated in the local general plan for urban development and is served by public sewer and water.
- (ee) “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.

- (ff) “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.
- (gg) “Key Destinations” means vital community amenities and resources including medical centers, schools, grocery stores, child care centers, pharmacies, public parks, or public libraries. This definition differs from “Activity Centers” as used in the AHSC Benefits Calculator Tool.
- (hh) “Locality” means a California city, unincorporated area within a county or a city and county.
- (ii) “Lower Income” has the meaning set forth in Health and Safety Code Section 50079.5.
- (jj) “Low-Income Community” means a census tract with either 1) median household incomes at or below 80 percent of the statewide median income, or 2) median household income at or below the threshold designated as low-income by Department of Housing and Community Development’s State Income Limits pursuant to the Health and Safety Code Section 50093.
- (kk) “Low-Income Households” mean individual households with either 1) household incomes at or below 80 percent of the statewide median income, or 2) household incomes at or below the threshold designated as low-income by Department of Housing and Community Development’s State Income Limits adopted pursuant to Health and Safety Code Section 50093.
- (ll) “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.
- (mm) “Moderate Income” has the meaning set forth in Health and Safety Code Section 50093.
- (nn) “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.*
- (oo) “Natural Infrastructure” means the preservation and/or restoration of ecological systems, or utilization of engineered systems that use ecological processes, to increase resiliency to climate change and/or manage other environmental problems. Some examples relative to AHSC could include street trees and greenspace for water catchment, infiltration and surface cooling; water treatment facilities that utilize ecologically functioning wetlands; flood mitigation systems that utilize the natural floodplain and stable shorelines used in tandem with constructed flood barriers.
- (pp) “Net Density” means the total number of dwelling units per acre of land to be developed for residential or mixed use, excluding allowed deductible areas. Allowed

deductible areas are public dedications of land which are for public streets, public sidewalks, public open space, public drainage facilities. Non-allowed deductible areas include utility easements, setbacks, private drives and walkways, general landscaping, common areas and facilities, off street parking, and traditional drainage facilities exclusive to a development project. Mitigations required for development will not be included in the allowed deductible areas.

- (qq) "NOFA" means a Notice of Funding Availability issued by the Department.
- (rr) "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.
- (ss) "Performance measures" means indicators of transit regarding data indicators such as accessibility, mobility choices and ridership.
- (tt) "Priority Population" means residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. Please see the following for more information:  
<https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/communityinvestments.htm>
- (uu) "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.
- (vv) "Program Operator" means the entity that administers the day-to-day operational responsibilities for the program for which the AHSC Program funding is sought.
- (ww) "Project" means the proposed use of funds representing a combination of Capital Projects or Program Costs which are proposed by the applicant to be funded the AHSC Program.
- (xx) "Project Area" means the area encompassing the Transit Station/Stop, housing and **Key Destinations**.
- (yy) "Public Agency" means a Locality, transit agency, public housing authority or redevelopment successor agency.
- (zz) "Qualifying Transit" means a transit line serving the public that is operated by the following: (1) Directly operated by a public entity; (2) Operated by a public entity via a contract for purchased transportation service with a private or non-profit provider; or (3) Operated by a private or non-profit entity as a grant Recipient or sub-recipient from a public entity. Qualifying Transit for the purpose of the Program includes various forms of fixed transit service (Rail Service and Bus Service) and Flexible Transit Service. A Qualifying Transit line requires service that departs two (2) or more times during Peak Hours as defined by the transit operator. Flexible Transit service is exempt from these Peak Hours frequency requirements.

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

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

(ccc) "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.

(ddd) "Rural Area" means the definition in Health and Safety Code Section 50199.21.

(eee) "Rural Innovation Project Area (RIPA)" means a Project Area located within a Rural Area which includes at least one (1) Transit Station/Stop with a combination of two or more eligible costs as defined in Section 103.

(fff) "Safe and Accessible Walkway" means a pedestrian corridor that has the following:

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

(ggg) "Secure Overnight Bicycle Parking" means bicycle parking that is not accessible to the general public, is completely enclosed and protects the bicycle from inclement weather, and allows for the bicycle frame to be secured to the bicycle rack at two points. Examples of Secure Overnight Bicycle Parking include bicycle rooms, bicycle lockers, and bicycle cages.

(hhh) "Site Control" means the applicant or developer has control of property through one or more of the following:

- (1) Fee title;
- (2) A leasehold interest on the property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit, prior to grant funding, compliance with all program requirements;
- (3) An enforceable option to purchase or lease which shall extend through the anticipated date of the Program award as specified in the NOFA;
- (4) An executed disposition and development agreement, right of way, or irrevocable offer of dedication to a Public Agency;



- (5) An executed encroachment permit for construction of improvements or facilities within the public right of way or on public land;
  - (6) An executed agreement with a public agency that gives the applicant exclusive rights to negotiate with the agency for the acquisition of the site; provided that the major terms of the acquisition have been agreed to by all parties;
  - (7) A land sales contract or enforceable agreement for acquisition of the property; or
  - (8) Other forms of site control that give the **Department** assurance (equivalent to 1-7 above) that the applicant or developer will be able to complete the Project and all housing designated in the application in a timely manner and in accordance with all the requirements of the Program.
- (iii) “Smoke Free Housing” means an Affordable Housing Development that implements a policy banning the ignition and burning of tobacco products (including, but not limited to, cigarettes, cigars, pipes, and water pipes or hookahs) in all living units, indoor common areas, and all other interior spaces. The smoke-free policy must also extend to all outdoor areas within 25 feet of occupied buildings on the **AHD** property.
- (jjj) “Substantial Rehabilitation” means a Housing Development with reasonable direct rehabilitation construction contract costs of at least \$35,000 per residential unit. Rehabilitation shall include energy efficiency upgrades per residential units. Rehabilitation projects must fully and efficiently address all of the physical needs of the Project for the term of the project loan and therefore merely meeting the minimum threshold cost amount of \$35,000 per residential unit may not, in and of itself, be sufficient to be considered Substantial Rehabilitation for purposes of the project loan.
- (kkk) “Sustainable Transportation Infrastructure” means capital project(s) that result in the improvement or addition of infrastructure that encourages mode-shift from single occupancy vehicles by enhancing: 1) public transit service, 2) pedestrian networks, or 3) bicycle networks (includes public bike-share programs) within the defined Project Area meeting the transit requirements detailed in Section 102 (c) or (d).
- (III) “TCAC” means the California Tax Credit Allocation Committee.
- (mmm) “Transit Corridor” means a transportation corridor which meets one of the following criteria: `1) A corridor served by Qualifying Transit; or 2) A corridor served by High Quality Transit that has been the subject of analysis, planning and environmental mitigation, and has been designated for investment within the regional transportation plan of a MPO, RTPA, or within a long range transportation plan of a transit agency.
- (nnn) “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.

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

(ppp) "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.

(qqq) "Transportation-Related Amenities" means capital improvements that are publicly accessible and provide supportive amenities to pedestrians, cyclists and transit riders (i.e. bike parking, bus shelter, benches, street trees, etc.) within the defined **Project Area** meeting the transit requirements detailed in Section 102 (c) or (d).

(rrr) "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.

(sss) "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.

(ttt) "Urban Greening" means the incorporation of greenscaped pedestrian and bicycle trail systems, urban street canopy, green alleys, drought tolerant and native species landscaping and landscape restoration, green roofing, community gardens, natural infrastructure and stormwater features into public open spaces.

(uuu) "Urban Uses" means any residential, commercial, industrial, transit, transportation passenger facility, or retail use, or any combination of those uses. Urban uses do not include lands used for agricultural uses or parcels in excess of 15,000 square feet in size and containing only one single-family residence.

(vvv) "Very-Low Income" has the meaning set forth in Health and Safety Code Section 50105.

(www) “Water Efficiency” means controlling water at the source through design—both rainfall and storm water runoff through a decentralized system that distributes storm water across a project site in order to replenish groundwater supplies.

## Appendix B. Federally Recognized Indian Tribe Eligibility

**Federally Recognized Indian Tribes** may qualify for AHSC funds if their **Project** meets the following requirements:

- (a) Projects are located on one of the following lands:
  - (1) Tribal Trust Lands. Real property that is held in trust by the United States Government for the benefit of a **Federally Recognized Indian Tribe**;
  - (2) Individual Trust Lands. Real property that is held in trust by the United States Government for the benefit of an individual member of a **Federally Recognized Indian Tribe**;
  - (3) Tribal Fee Restricted Lands. Fee lands that are owned by or under the control of a **Federally Recognized Indian Tribe** that are subject to a United States Government restriction that the land continue to be owned by or remain under the control of a **Federally Recognized Indian Tribe** or member or members thereof;
  - (4) Individual Fee Restricted Lands. Fee lands that were conveyed by the United States Government as individual allotments to member or members of a **Federally Recognized Indian Tribe**, regardless as to whether the property is now under common ownership among several members of that same **Federally Recognized Indian Tribe**;
  - (5) Tribally-Owned Unrestricted Lands. Fee lands that are owned by or under the control of a **Federally Recognized Indian Tribe** that are not subject to a United States Government restriction that the land continue to be owned by or remain under the control of a **Federally Recognized Indian Tribe** or member or members thereof;
- AND;
- (b) The applicant meets the following requirement as a condition of award funding as set forth in a Standard Agreement, but not as a condition to engage in the competitive award process:
  - (1) BIA Consent. Applicants shall obtain Bureau of Indian Affairs consent to applicant's execution and recordation (as applicable) of all Department-required documents that are subject to 25 CFR sec. 152.34 or 25 CFR sec. 162.12, all prior to award disbursement. This requirement shall not apply to projects that are within subdivision (i)(5) of this Section.
  - (2) Personal Jurisdiction for Tribal Applicants. For applicants that are **Federally Recognized Indian Tribes** or Tribal controlled entities, all such applicants shall provide and execute a limited waiver of sovereign immunity agreeing to the personal jurisdictions of state court.

- (3) Subject Matter Jurisdiction for Restricted Tribal Lands. For applicants proposing projects that are to be within property described in sub-divisions (i)(1), (i)(2), (i)(3), and (i)(4), all such applicants shall cause the subject Indian Tribe to provide and execute a limited waiver of sovereign immunity satisfactory to the Department, agreeing to the subject matter jurisdiction of state court.
- (4) Title Insurance Requirements. Applicants shall provide title insurance for the property underlying the **Project** satisfactory to the Department. Notwithstanding the foregoing sentence, upon a showing of good cause, for Applicants unable to provide a conventional title insurance policy satisfactory to the Department, all such Applicants shall demonstrate to the satisfaction of the Department that they hold title to the property pursuant to a title condition report issued by the BIA Land Title and Records Office, and pursuant to a title opinion letter issued for the benefit of the Department but paid for by the Applicant.
- (5) Recordation Requirements. Where recordation of instruments are required by the Department, the subject instrument shall be deemed sufficiently recorded if recorded with the Land Titles and Records Office at the BIA or if the subject instruments are recorded in the County recording system having jurisdiction over the property.
- (6) Fee Security Required. For all Projects, except those falling within subdivision (i)(1) and (ii)(2), fee security shall be required, unless the terms allowing leasehold security are satisfied as set forth in Title 25 CCR 8316. If a Department loan/grant is recorded on fee land then there must be a restriction preventing that land being put into trust until the Department loan/grant term is complete.
- (7) Minimum Requirements for Sovereign Immunity Waivers. Sovereign immunity waiver language shall be included in the Department Standard Agreement, and all Department regulatory and loan or grant agreements, all of which may be accomplished by incorporating by reference a separately executed sovereign immunity waiver instrument. The Applicant shall also provide or obtain a separate limited waiver of sovereign immunity instruments for both personal and subject matter jurisdictions which shall require, at a minimum, compliance with State construction standards and regulations.

## **APPENDIX D**

### **AHSC Standard Agreement (Draft)**

**EXHIBIT A**

**AUTHORITY, PURPOSE AND SCOPE OF WORK**

**1. Authority & Purpose**

This Standard Agreement, STD 213, (hereinafter "Agreement") is the result of the Recipient's application ("Application") for funding under the Affordable Housing and Sustainable Communities ("AHSC") Program ("Program") pursuant to:

- A. Part 1 of Division 44 of the Public Resources Code (commencing with Section 75200);
- B. The Program Guidelines dated October 29, 2018 ("Guidelines"), issued by the State of California, Strategic Growth Council ("SGC") and as may be amended from time to time; and
- C. The Program's Notice of Funding Availability ("NOFA") issued by the Department Housing and Community Development ("Department" or "HCD"), is dated November 1, 2018.

The Application, and the Project Report dated October 25, 2019 (the "Project Report") including all representations made therein, are hereby incorporated in this Agreement by this reference.

The Guidelines and the NOFA are available on the Program Web site at:

[http://sgc.ca.gov/programs/ahsc/docs/20190221-AHSC\\_17-18\\_Guidelines-Updated.pdf](http://sgc.ca.gov/programs/ahsc/docs/20190221-AHSC_17-18_Guidelines-Updated.pdf)

By entering into this Agreement and thereby accepting the award of Program grant funds ("Grant"), the Recipient agrees to comply with applicable statutory law, Guidelines, the NOFA, and this Agreement, to abide by the representations made in the Application, and the terms and conditions of the Disbursement Agreement, which is more particularly described in Exhibit B, attached hereto.

**2. Definitions**

Capitalized terms herein shall have the meaning of the definitions set forth in the Guidelines, and page 1 of this Exhibit A, in addition:

"Affordable Housing Development" refers to the residential rental Affordable Housing Development described in the Application providing the affordable housing units, as described therein, in consideration of that portion of the Grant. The Affordable Housing Development shall meet all the criteria for an eligible project as set forth Section 103(a)(1) of the Guidelines.

"Recipient" refers to the entity or entities submitting an application or to a related entity approved by the Department entering into this Agreement and identified as "Contractor" on page 1 to this Agreement (STD 213). In the case of joint applicants, "Recipient" shall also refer to each applicant

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## EXHIBIT A

or the Department-approved assignee of such applicant. Each joint applicant shall be jointly and severally liable for all obligations of a Recipient as set forth herein.

Any reference to a specific "Section" or "section" of the Guidelines shall initially refer to that specific numbered section of the Guidelines adopted on and dated October 29, 2018. Notwithstanding, if and when the Department amends any portion of the Guidelines, all references herein to any such portion of the Guidelines shall be deemed to refer to the updated version of the Guidelines, either in whole or in part, as may be applicable. To the extent that any Guidelines section or sections (Section or Sections) provision is or are amended, and thereafter receive(s) a new Guidelines section number(s), any reference herein to the old Guidelines section(s) number(s) shall be interpreted to refer instead to the Guidelines section(s) that is (or are) intended to replace the content and substance of the former Guidelines section(s).

### 3. Scope of Work

The Scope of Work ("Work") for this Agreement shall consist of one or more of the following categories, by or on behalf of the Recipient, within the Program Project Area as detailed in this Exhibit A and the Project Report:

Included ("x")	Grant Award Categories
<input checked="" type="checkbox"/>	Housing-Related Infrastructure ( <b>HRI</b> )
<input checked="" type="checkbox"/>	Program Costs ( <b>PGM</b> )
<input checked="" type="checkbox"/>	Sustainable Transportation Infrastructure ( <b>STI</b> )
<input checked="" type="checkbox"/>	Transportation-Related Amenities ( <b>TRA</b> )

The Department, the Recipient and other parties as required by the Department shall enter into a Disbursement Agreement governing among other things the disbursement of Program funds as more particularly described in Exhibit B hereto.

At the request of the Department, Recipient shall provide further and additional evidence sufficient to demonstrate the existence and/or completion of the items listed in the Project Report for which the Recipient's Application received points. Failure to provide such evidence to the reasonable satisfaction of the Department may result in a reevaluation of the Application and the reductions or cancellation of the amount of the grant award, require repayments of any disbursed Program funds and the disencumbrance of Program funds awarded.

#### A. **HRI**

The Scope of Work for this Agreement for Housing-Related Infrastructure ("HRI Work") shall consist of the following:

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### EXHIBIT A

The Affordable Housing Development and housing as designated in the Application that is supported by the HRI Work, and which is to be developed and constructed by the Recipient, or other developer, contains the following unit mix.

Location of Housing Development		6th Street/Avenue C, San Francisco, CA 94130		
# of Bedrooms	# of Project Units	AHSC Assisted Units* (Affordable Housing Development)	Income Limit (% of AMI)	TOTAL RESTRICTED UNITS**
<u>1</u>	10	10	<u>50% AMI</u>	10
<u>1</u>	<u>13</u>		<u>Market</u>	
<u>2</u>	49	<u>30</u>	<u>30% AMI</u>	49
<u>2</u>	4	4	<u>50% AMI</u>	4
<u>2</u>	3		<u>60% AMI</u>	
<u>2</u>	<u>4</u>		<u>Market</u>	
<u>3</u>	<u>18</u>	<u>12</u>	<u>30% AMI</u>	<u>18</u>
<u>3</u>	<u>3</u>	<u>3</u>	<u>50% AMI</u>	<u>3</u>
<u>3</u>	5		<u>60% AMI</u>	
<u>3</u>	<u>14</u>		<u>Market</u>	
<u>4</u>	<u>4</u>	<u>2</u>	<u>30% AMI</u>	<u>4</u>
<u>4</u>	<u>4</u>	<u>4</u>	<u>50% AMI</u>	<u>4</u>
<u>4</u>	<u>1</u>		<u>60% AMI</u>	
<u>4</u>	<u>5</u>		<u>Market</u>	
<u>2</u>	<u>1</u>		<u>Manager</u>	
<b>Total Project Units</b>	<u>138</u>	70		<u>91</u>

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\*AHSC Assisted Units must equal at least 20 percent of the total residential units.

\*\*Total Restricted units include all units restricted by AHSC and TCAC. The AHSC loan amount was calculated based on the number of Total Restricted Units.

## EXHIBIT A

The HRI Work is necessary for the development of the Affordable Housing Development. The Recipient is responsible for and shall ensure the completion of the HRI Work and the completion and occupancy of the Housing Development in accordance with the criteria set forth above and in the Project Report. The Department reserves the right to review and approve all HRI Work to be performed by the Recipient, or contracted by the Recipient, in relation to this Agreement. Any revision to the HRI Work shall be submitted in writing for review and approval by the Department and shall require an amendment to this Agreement.

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### B. Program Costs

The Scope of Work for this Agreement for Program (PGM) Costs ("PGM Work") shall consist of the following:

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Purchase of discounted monthly unlimited SF Muni transit passes monthly for each unit, for 3 years, at a minimum of 50% of the full value. Funding for the San Francisco Bicycle Coalition for promoting bicycle use for everyday transportation.

The Recipient is responsible for and shall ensure the completion of the PGM Work associated with the Program Costs in accordance with the criteria set forth above and in the Project Report. The Department reserves the right to review and approve all PGM Work to be performed by the Recipient, or contracted by the Recipient, in relation to this Agreement. Any revision to the PGM Work shall be submitted in writing for review and approval by the Department and shall require an amendment to this Agreement.

### C. Sustainable Transportation Infrastructure

The Scope of Work for this Agreement for Sustainable Transportation Infrastructure ("STI Work") shall consist of the following:

Commented [Q(2)]: TIDA no longer intends to use STI grant proceeds on bus procurement. However, if bus language is required, we suggest the following edit:

"Procure up to 5 electric transit vehicles, upgrade the drivetrains to electric buses, and/or enter into a third-party operating agreement for transit service for operations within the Transbay Line."

Bicycle and pedestrian improvements on Yerba Buena Island as part of the redevelopment of the island; retaining walls, railing and barriers, paving, drainage improvements and striping of bike/ped facilities along Macalla Road, Treasure Island (TI) Road and adjacent to Southgate Road; [beach walkway project on Yerba Buena Island](#). These improvements will link Treasure Island to the Bay Bridge and the Bay Trail, where there is currently no linkage.

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The Recipient is responsible for and shall ensure the completion of the STI Work in accordance with Program requirements, the Application, and the criteria set forth in the Project Report. The Department reserves the right to review and approve all STI Work to be performed by the Recipient in relation to this Agreement. Any revision to the STI Work shall be submitted in writing for review and approval by the Department and shall require an amendment to this Agreement.

## EXHIBIT A

### D. Transportation-Related Amenities

The Scope of Work for this Agreement for Transportation-Related Amenities ("TRA Work") shall consist of the following:

Construction of a Plaza and Plaza facilities connecting a new ferry terminal to Treasure Island, including connections to Muni and AC Transit public bus stops and a private island shuttle bus stop. The plaza will serve as an intermodal hub connecting cyclists, pedestrians, ferries, shuttles, and buses.

**Commented [Q(3)]:** Plan is to construct bathroom facilities on the Plaza.

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The Recipient is responsible for and shall ensure the completion of the TRA Work in accordance with the criteria set forth above and in the Project Report. The Department reserves the right to review and approve all TRA Work to be performed by the Recipient in relation to this Agreement. Any revision to the TRA Work shall be submitted in writing for review and approval by the Department and shall require an amendment to this Agreement.

### 4. Criteria Applicability

Based on the points awarded to its Application, Recipient assures the Department of the existence of the following criteria of Section 107:

**EXHIBIT A**

Guideline Reference		Affordable Developments and Housing-Related Infrastructure	Sustainable Transportation Infrastructure	Transportation- Related Amenities	Active Transportation Programs	Transit Ridership Programs	Criteria Air Pollutant Reduction Program
		Capital Projects			Program Costs		
a	Estimated GHG Reductions based on GHG Quantification Methodology	X	X	X			
b	Extent to which Project incorporates Active Transportation Improvements	X	X	X			
c	Extent to which the Project incorporates Green Buildings and Renewable Energy	X	X				
d	Extent to which Project incorporates Housing and Transportation Collaboration	X	X	X			
e	Extent to which Project incorporates Location Efficiency and Access to Destinations	X	X				
f	Extent to which Project Leverages non-AHSC Funds	X					
g & h	Anti-Displacement and Local Workforce Development & Hiring Practices	X					
i	Extent to which the Affordable Housing Development Serves Extremely Low Income Households	X					
j	Extent to which Project incorporates Programs	X					
k	Extent to which the Project incorporates Urban Greening	X	X				

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**A. GHG Emissions Reductions Estimate**

Based on the inputs in the Application, the estimated total MTCO<sub>2</sub>e over the life of the project is 34,464. This information can be found on the Strategic Growth Council's website in a document called AHSC Round 4 Data for Public Release.

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**EXHIBIT A**

**5. Performance Milestones**

Recipient shall ensure the completion of the **PERFORMANCE MILESTONES** set forth below by the designated dates. When Recipient misses or anticipates missing a Performance Milestone deadline, Recipient shall notify the Department in writing as soon as is reasonably practicable. In this notification, Recipient shall explain why the deadline has been or will likely be missed; provide a status update relative to the other Performance Milestone deadlines; and provide assurances that it will meet the remaining Performance Milestone deadlines. Recipient's failure to provide a timely written notification shall be considered a default under this Agreement.

PGM PERFORMANCE MILESTONE	DATE
Identification and commitment of program operator and partners	6/30/24
Completion of a business or a work plan	6/30/24
Program funds fully disbursed	12/31/25

STI PERFORMANCE MILESTONE	DATE
Executed binding agreement between the Recipient and developer of the proposed development detailing the terms and conditions of the Project development.	6/30/23
Site Control of STI site(s) by proposed developer.	6/30/23
Completion of all necessary environmental clearances, including those required under CEQA and NEPA.	6/30/23
Obtaining all necessary and discretionary public land use approvals.	6/30/23

**EXHIBIT A**

Submission of Final Construction Drawings and Specifications to the appropriate local permitting authority.	<u>6/30/23</u>
Commencement of construction of STI.	<u>6/30/23</u>
Construction completion of STI and closeout.	<u>6/30/25</u>
Program funds fully disbursed.	<u>12/31/25</u>

TRA PERFORMANCE MILESTONE	DATE
Executed binding agreement between the Recipient and developer of the proposed development detailing the terms and conditions of the Project development.	<u>6/30/23</u>
Site Control of TRA site(s) by proposed developer.	<u>6/30/23</u>
Completion of all necessary environmental clearances, including those required under CEQA and NEPA.	<u>6/30/23</u>
Obtaining all necessary and discretionary public land use approvals.	<u>6/30/23</u>
Submission of Final Construction Drawings and Specifications to the appropriate local permitting authority.	<u>6/30/23</u>
Commencement of construction of TRA.	<u>6/30/23</u>
Construction completion of TRA and closeout.	<u>6/30/25</u>
Program funds fully disbursed.	<u>12/31/25</u>

**6. HCD Contract Coordinator**

The HCD Contract Coordinator of this Agreement for the Department is the Division of Financial Assistance Loan Closing AHSC Program Manager, or the Manager's designee. Unless otherwise

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## EXHIBIT A

informed, any notice, report, or other communication required by this Agreement shall be mailed by first class to the HCD Contract Coordinator at the following address:

Loan Closing AHSC Program Manager  
Division of Financial Assistance - Loan Closing Section  
Department of Housing and Community Development  
P.O. Box 952054  
Sacramento, California 94252-2054

### 7. Recipient Contact Coordinator

The Recipient's Contract Coordinator for this Agreement is listed below. Unless otherwise informed, any notice, report, or other communication required by this Agreement shall be mailed by first class to the contact at the following address:

Recipient:	<u>Mercy Housing California</u>
Name:	Nabihah Azim
Address:	<u>1256 Market Street, San Francisco, CA 94102</u>
Phone No.:	415.805.9445
Email:	<u>nazim@mercyhousing.org</u>

Recipient:	<u>Treasure Island Development Authority</u>
Name:	Robert Beck
Address:	<u>1 Ave of the Palms, Suite 241, San Francisco, CA 94130</u>
Phone No.:	415.274.0662
Email:	<u>bob.beck@sfgov.org</u>

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**EXHIBIT B**

**BUDGET DETAIL AND PAYMENT PROVISIONS**

**1. Project Sources and Uses**

The preliminary projected sources and uses ("Sources and Uses") set forth in this Exhibit B contains the cost items for the design, development and construction of the approved HRI, STI, TRA Project(s) (collectively, "Infrastructure Project"), and for PGM, as applicable. Recipient agrees that any cost overruns or increases resulting in a total cost for Infrastructure Project exceeding that set forth therein shall be the responsibility of Recipient.

**2. Contract Amount**

A. For the purposes of performing the Work, the Department agrees to provide the aggregate amount identified on page 1, number 3 of this Agreement (STD 213) in the form of a grant ("Grant") for the uses identified in the Sources and Uses. In no instance shall the Department be liable for any costs for the Work in excess of this Grant amount, or for any unauthorized or ineligible costs.

1) For the purposes of performing the Work related to the HRI, as set forth in Exhibit A, the Department agrees to provide ~~\$0~~ in the form of a grant for the uses identified in the Sources and Uses. In no instance shall the Department be liable for any costs for the Work in excess of this amount, or for any unauthorized or ineligible costs.

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2) For the purposes of performing the Work related to the PGM, as set forth in Exhibit A, the Department agrees to provide ~~\$229,540~~ in the form of a grant for the uses identified in the Sources and Uses. In no instance shall the Department be liable for any costs for the Work in excess of this amount, or for any unauthorized or ineligible costs.

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3) For the purposes of performing the Work related to the STI, as set forth in Exhibit A, the Department agrees to provide ~~\$5,017,460~~ in the form of a grant for the uses identified in the Sources and Uses. In no instance shall the Department be liable for any costs for the Work in excess of this amount, or for any unauthorized or ineligible costs.

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4) For the purposes of performing the Work related to the TRA, as set forth in Exhibit A, the Department agrees to provide ~~\$1,000,000~~ in the form of a grant for the uses identified in the Sources and Uses. In no instance shall the Department be liable for any costs for the Work in excess of this amount, or for any unauthorized or ineligible costs.

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B. The Department may approve a request from the Recipient to reallocate funds between authorized activities and itemized amounts stated in the budget for the designated grant



## EXHIBIT B

Work. Changes in aggregate of ten percent or less, of the total grant amount between activity categories during the term of this Agreement, and expenditures pursuant thereto, may be made only after the Department's express written approval, but do not require a written amendment to this Agreement.

### 3. Other Funding Sources

Where the Sources and Uses set forth in this Exhibit B identify funds other than Program funds, those funds shall be expended and applied to Project costs as provided therein. Recipient agrees that it will make best efforts to ensure that the other funds specified in the Sources and Uses are available for disbursement as provided in this Exhibit, and approved for the use specified in the Sources and Uses, except to the extent the Sources and Uses may be updated and modified by the Disbursement Agreement described below. The Recipient shall provide evidence and assurance of the commitment and availability of such other sources of funding identified in the Sources and Uses as provided in the Disbursement Agreement. The terms and conditions of all construction financing to be used in conjunction with the Program funds shall be subject to the Department's review and approval.

### 4. Completion Dates

- A. Program funds must be disbursed no later than December 31, 20~~25~~.
- B. All un-disbursed funds remaining as of December 31, 20~~25~~, shall be disencumbered.
- C. All invoices for payment must be submitted to the Department no later than July 30, 20~~25~~.
- D. This Agreement shall expire on June 30, 20~~40~~.

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### 5. Method of Payment

- A. Payment shall be made as reimbursed progress payments as set forth in the Disbursement Agreement. Recipient shall request payment for work completed on forms provided by the Department and subject to such documentation as the Department may require.
- B. The Department shall not authorize payments unless it determines that the Program funds shall be expended and disbursed in compliance with the terms and provisions of the Guidelines, the NOFA, this Agreement and the Disbursement Agreement.

### 6. Disbursement Agreement

- A. The Recipient, the Department and such other parties as may be reasonably required by the Department, shall enter into a Disbursement Agreement in a form provided by the Department. The Disbursement Agreement shall contain a specific description of the Work and an updated Sources and Uses therefore, including an updated table of Sources and

**EXHIBIT B**

Uses, and the specific terms and conditions for the disbursement of Program funds. In the event of a conflict between this Agreement and the Disbursement Agreement, as determined by the Department, the terms of the Disbursement Agreement, being the later and more specific document, shall govern; provided however, that no resolution of any such conflict shall be contrary to, or result in a waiver or violation of, the Guidelines or the NOFA.

- B. The requirement for a Disbursement Agreement set forth in this paragraph may be waived by the Department where, at its sole discretion, it determines that:
- 1) Satisfactory completion of the Work has occurred,
  - 2) Proper disbursement and use of Program funds have occurred,
  - 3) Performance of, and compliance with, all the obligations, terms and conditions of this Agreement have occurred, and,
  - 4) Compliance with all applicable statutes, laws, guidelines, and regulations, all have been or will be achieved without the execution of a Disbursement Agreement. The Department may require the submittal by the Recipient of such information, records, documents, certificates and other material, as it deems necessary to make this determination.
- C. Payee record information is required for payment(s) to be made. All payee(s) receiving grant funds shall be listed below:

<u>Payee Name:</u>	<u>Activity:</u>	<u>Award Amount:</u>
Treasure Island Development Authority	STI, TRA, PGM	\$6,247,000

EXHIBIT B

**SOURCES AND USES – PROGRAM COSTS**  
**PROJECT BUDGET**

BUDGET AND SOURCES					
<u>TREASURE ISLAND PARCEL C3.1</u>			<u>MERCY HOUSING CALIFORNIA, TIDA</u>		
ESTIMATED PROGRAM COSTS			DEVELOPMENT COSTS BY FUNDING SOURCE		
DEVELOPMENT COSTS					
COST CATEGORY		TOTAL AMOUNT	AHSC Grant Program		
SOFT COST AND OTHER PROJECT RELATED COSTS					
Total Soft Cost and Other Project Related Costs		<u>\$229,540</u>	<u>\$229,540</u>	▼	▼
TOTAL PROGRAM COSTS		<u>\$229,540</u>	<u>\$229,540</u>	▼	▼

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SOURCES AND USES - HR¶

PROJECT BUDGET¶

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EXHIBIT B

**SOURCES AND USES - STI**  
**PROJECT BUDGET**

INFRASTRUCTURE DEVELOPMENT BUDGET AND SOURCES					
<u>TREASURE ISLAND PARCEL C3.1</u>			<u>MERCY HOUSING CALIFORNIA, TIDA</u>		
ESTIMATED STI CAPITAL IMPROVEMENT PROJECT COSTS			DEVELOPMENT COSTS BY FUNDING SOURCE		
DEVELOPMENT COSTS					
COST CATEGORY		TOTAL AMOUNT	AHSC Grant Program	<u>TIDA</u>	<u>BATA</u>
PROJECT ACTIVITY (Hard Costs)					
Total Project Activity Costs		<u>\$13,114,236</u>	<u>\$4,738,516</u>	<u>\$8,375,720</u>	<u>\$0</u>
SOFT COSTS AND OTHER PROJECT RELATED COSTS					
Total Soft Cost and Other Project Related Costs		<u>\$610,036</u>	<u>\$278,944</u>	<u>\$0</u>	<u>\$331,092</u>
TOTAL PROJECT COSTS		<u>\$13,724,272</u>	<u>\$5,017,460</u>	<u>\$8,375,720</u>	<u>\$331,092</u>

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EXHIBIT B

**SOURCES AND USES – TRA**  
**PROJECT BUDGET**

INFRASTRUCTURE DEVELOPMENT BUDGET AND SOURCES					
TREASURE ISLAND PARCEL C3.1			MERCY HOUSING CALIFORNIA, TIDA		
ESTIMATED TRA CAPITAL IMPROVEMENT PROJECT COSTS			DEVELOPMENT COSTS BY FUNDING SOURCE		
DEVELOPMENT COSTS					
COST CATEGORY		TOTAL AMOUNT	AHSC Grant Program	TIDA	
PROJECT ACTIVITY (Hard Costs)					
Total Project Activity Costs		\$3,982,242	\$1,000,000	\$2,982,242	
SOFT COST S AND OTHER PROJECT RELATED COSTS			\$		
Total Soft Cost and Other Project Related Costs		\$0	\$0	\$0	
TOTAL PROJECT COSTS		\$3,982,242	\$1,000,000	\$2,982,242	

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1 [Resolution Authorizing the Execution of the Memorandum of Agreement #21/22 for the  
2 Ferry Discretionary & AHSC Grant Fund Exchange]

3  
4 **Resolution of the Treasure Island Development Authority (the “Authority”)**  
5 **Board of Directors Authorizing the Execution of the Memorandum of Agreement**  
6 **#21/22 for Ferry Discretionary & AHSC Grant Fund Exchange.**

7  
8 WHEREAS, Former Naval Station Treasure Island is a military base located on  
9 Treasure Island and Yerba Buena Island (together, the "Base"); and

10 WHEREAS, The Base was selected for closure and disposition by the Base  
11 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its  
12 subsequent amendments; and

13 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No.  
14 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit  
15 public benefit corporation known as the Treasure Island Development Authority, a public  
16 body, corporate and politice of the State of California, to act as a single entity focused on  
17 the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the  
18 Base for the public interest, convenience, welfare and common benefit of the inhabitants  
19 of the City and County of San Francisco (the “City”), which is on file with the Clerk of the  
20 Board of Supervisors and is incorporated herein by reference; and

21 WHEREAS, The Authority, acting by and through its Board of Directors (the  
22 "Authority Board"), has the power, subject to applicable laws, to sell, lease, exchange,  
23 transfer, convey or otherwise grant interests in or rights to use or occupy all or any portion  
24 of the Base; and

1 WHEREAS, In 2003, Treasure Island Community Development, LLC (the "Master  
2 Developer") was selected as master developer for the Base following a competitive  
3 process; and

4 WHEREAS, The Authority, the Authority Board, the Treasure Island Citizens  
5 Advisory Board, the City, and the Master Developer worked for more than a decade to  
6 plan for the reuse and development of Treasure Island, and as a result of this community-  
7 based planning process, the Authority and Master Developer negotiated the Disposition  
8 and Development Agreement ("DDA") to govern the disposition and subsequent  
9 development of the proposed development project (the "Project"); and

10 WHEREAS, The Financing Plan, an exhibit to the DDA, calls for the Authority and  
11 Master Developer to work together to seek appropriate grants for the Project; and

12 WHEREAS, On April 21, 2011, in a joint session with the Planning Commission,  
13 the Authority Board unanimously approved a series of entitlement and transaction  
14 documents relating to the Project, including certain environmental findings under the  
15 California Environmental Quality Act ("CEQA"), Mitigation Monitoring and Reporting  
16 Program, and DDA and other transaction documents; and

17 WHEREAS, On June 7, 2011, the Board of Supervisors unanimously confirmed  
18 certification of the final environmental impact report and made certain environmental  
19 findings under CEQA (collectively, the "FEIR") by Resolution No. 246-11, which is on file  
20 with the Clerk of the Board of Supervisors and is incorporated herein by reference, and  
21 approved the DDA and other transaction documents; and

22 WHEREAS, Through an award letter dated September 5, 2012, the Federal  
23 Highway Administration, a division of the United States Department of Transportation,  
24 made an award in the total amount of \$3,000,000 to TIDA, to be disbursed for use on  
25

1 Treasure Island Ferry Terminal ("Ferry Discretionary Grant"), which grant is now  
2 managed by the Treasure Island Mobility Management Agency ("TIMMA"); and

3 WHEREAS, Through an award letter dated July 8, 2019, the Strategic Growth  
4 Council ("SGC") and the Department of Housing and Community Development ("HCD")  
5 made an award in the total amount of \$20,000,000, which includes \$13,753,000 to be  
6 disbursed as a loan to the Affordable Housing Developer for the Affordable Housing  
7 Project, and \$6,247,000 to be disbursed as a grant to the Authority for the Road and  
8 Pedestrian Improvements, Transit Work, and other transit oriented programming and  
9 improvements approved by HCD, pursuant to the Application Package submitted by the  
10 Authority and the Affordable Housing Developer, and a copy of the award letter and the  
11 Application Package ("AHSC Grant"); and

12 WHEREAS, The Board of Supervisors authorized the Executive Director of the  
13 Authority (or his designee) to execute and deliver any documents in the name of the  
14 Authority that are necessary, appropriate or advisable to accept and expend the AHSC  
15 Program funds from the HCD, and all amendments thereto, and complete the transactions  
16 contemplated herein and to use the funds for eligible capital asset(s) in the manner  
17 presented in the application as approved by the HCD and in accordance with the NOFA  
18 and Program Guidelines and Application Package through Resolution No. 214-20; and

19 WHEREAS, the Master Developer is obligated to construct the Treasure Island  
20 Ferry Terminal pursuant to the DDA; and

21 WHEREAS, the Authority, TIMMA, and the Master Developer have identified  
22 funding needs for the TIMMA tolling system project as part of the TIMMA capital program;  
23 and

24 WHEREAS, the TIMMA and the Authority agree to make \$3,750,000 of Ferry  
25 Discretionary Grant and AHSC Grant funds (collectively the "Grant Funds") available to



1 the Master Developer to fulfill a portion of its funding obligation to construct the Treasure  
2 Island Ferry Terminal pursuant to the DDA; and

3 WHEREAS, the Master Developer agrees that \$3,750,000 of Grant Funds must  
4 be used on the Treasure Island Ferry Terminal improvements and must be used in  
5 compliance with the terms and requirements of the respective programs awarding the  
6 Grant Funds; and

7 WHEREAS, the Master Developer agrees that in exchange for the \$3,750,000 of  
8 Grant Funds, the Master Developer will commit \$3,750,000 to fund the TIMMA tolling  
9 system project as part of the TIMMA capital program; and

10 RESOLVED, That the Authority is hereby authorized and directed to enter into,  
11 execute, and deliver a Memorandum of Agreement, approved as to form by counsel, in  
12 the amount not to exceed \$3,750,000 and any and all other documents required or  
13 deemed necessary or appropriate to carry into effect the full intent and purpose of the  
14 above resolution, in order to evidence the Authority's obligations related thereto; and, be  
15 it

16 FURTHER RESOLVED, That this resolution shall take effect immediately upon its  
17 passage.

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FILE NO.

RESOLUTION NO.

1 Passed and adopted, effective as of March 9, 2022, by the consent of the Board of  
2 Directors of the Treasure Island Development Authority by the following vote:

3  
4 \_\_\_\_AYES

\_\_\_\_NAYS

5  
6 \_\_\_\_ABSTAIN

\_\_\_\_ABSENT

7  
8 \_\_\_\_\_  
9 Mark Dunlop

10 Secretary, TIDA Board of Directors  
11  
12  
13

14 **CERTIFICATE OF SECRETARY**

15 I hereby certify that I am the duly elected Secretary of the Treasure  
16 Island Development Authority, a California nonprofit public benefit  
17 corporation, and hereby attest and certify that the above Resolution is a  
18 true, full and correct copy of a resolution duly adopted at a meeting of said  
19 corporation which was duly convened and held on March 9, 2022, and that  
20 said document has not been amended, modified, repealed or rescinded  
21 since its date of adoption and is in full force and effect as of the date hereof.  
22

23 \_\_\_\_\_  
24 Mark Dunlop, Secretary  
25