

## Changes to AHSC Program Revealed by Latest Awards



The purpose of California's [Affordable Housing and Sustainable Communities](#) (AHSC) program is to reduce greenhouse gas (GHG) emissions and provide additional community benefits through investments in affordable homes and transit infrastructure. On June 28, the [Strategic Growth Council](#) (SGC) announced \$257 million in Round 3 AHSC awards to 19 developments, primarily in disadvantaged communities across the state. These developments will create 1,950 new affordable homes for low-income Californians and introduce new transportation infrastructure that will increase transit ridership, decrease local exposure to harmful pollution, and help the State meet its GHG reduction goals. A new analysis from the California Housing Partnership reveals important trends in the composition of Round 3 AHSC awards and their effectiveness in delivering on the program's stated goals.

Although AHSC developments are all generally effective at reducing GHG emissions, some components are more cost-effective at reducing GHGs than others. Among awarded developments in Round 3, each dollar of AHSC funds allocated to creating affordable homes will help reduce GHGs approximately 7 times more efficiently than equivalent AHSC investments in transportation infrastructure. Accounting for the total cost of housing and transportation components (as opposed to only the costs covered by the AHSC award) reduces this ratio to 3:1. These results are shown in Table 1 below.

**TABLE 1: ROUND 3 GHG REDUCTIONS (MT CO<sub>2</sub>e) x 1,000 (project-level)**

	GHG Reductions from Housing Features / Housing AHSC Investment (AHD+HRI)	GHG Reductions from Transportation Features / Transportation AHSC Investment (STI+TRA)	GHG Reductions from Housing Features / Housing Total Development Costs (AHD+HRI)	GHG Reductions from Transportation Features / Transportation Total Development Costs (STI+TRA)
Median	0.84	0.13	0.21	0.08
Ratio	6.58		2.59	

Round 3 also marked a shift in the composition of AHSC awards, when compared to Round 2:

- Decrease in share of AHSC award for creating affordable homes: The median share of each AHSC award allocated to creating new affordable homes—defined in AHSC as Affordable Housing Developments (AHD) and Housing Related Infrastructure (HRI)—**decreased from 88% in Round 2 to 68% in Round 3**; and



- **Increase in share of AHSC awards for transportation infrastructure:** The median share of each AHSC award allocated new transportation infrastructure—defined in AHSC as Sustainable Transit Infrastructure (STI) and Transportation-Related Amenities (TRA)—***increased from 12% in Round 2 to 30% in Round 3.***

Other results shown below in Table 2 further demonstrate AHSC’s shift away from supporting affordable housing and toward investment in new transportation infrastructure.

**TABLE 2: TOTAL AHSC AWARD SIZE PER DEVELOPMENT, BY FUNDING CATEGORY AND ROUND**

	Total Size of Award		Housing (AHD+HRI) Award Amount		Transportation (STI+TRA) Award Amount		Program Award Amount	
	Round 2	Round 3	Round 2	Round 3	Round 2	Round 3	Round 2	Round 3
Total, All Awards	\$295,252,840	\$257,497,000	\$237,490,379	\$181,183,211	\$55,452,563	\$71,636,013	\$2,309,898	\$4,677,776
Median, per Development	\$12,028,626	\$13,975,653	\$9,443,372	\$9,300,000	\$1,069,659	\$3,642,665	\$65,000	\$200,000

This shift in the composition of awards between Rounds 2 and 3 is likely the result of applicants responding to new incentives in AHSC’s [Round 3 Guidelines](#) approved by the SGC to allocate a larger share of award requests to transportation infrastructure than in previous funding rounds.

Additional Round 3 AHSC award results from the California Housing Partnership’s analysis:

- While the median total award size increased by almost \$2 million between Round 2 and Round 3, all of that increase went to transportation infrastructure and program costs (e.g., transit passes). Meanwhile, awards for creating affordable homes actually decreased on a per-unit basis by \$3,400 when compared to Round 2.
- The share of the total cost of developing affordable homes covered by AHSC awards decreased from 27% in Round 2 to 21% in Round 3, indicating an increased reliance on local, State, and private funding to fill the financing gap.<sup>1</sup>

For more information about the AHSC program, please contact [Dan Rinzler](#), Senior Policy Analyst.

*The California Housing Partnership has worked with allies to support the creation, protection, and continual improvement of the Affordable Housing and Sustainable Communities (AHSC) program, which provides critical funding for affordable homes and transit infrastructure using revenue from the State’s Cap and Trade auctions. Following its ground-breaking report with [TransForm](#) in [2014](#) and with the*

<sup>1</sup> Only 4% LIHTC properties are captured in this metric. Round 2 and 3 included only one and two 9% LIHTC awardees, respectively.



*[Center for Neighborhood Technology](#) in [2015](#) to make the [research case](#) for the program's creation, the California Housing Partnership co-published a [report](#) in 2017, with TransForm and [Enterprise Community Partners](#), that quantified the social, environmental, and community benefits of the first two years of AHSC-funded developments. The California Housing Partnership is dedicated to working with allies to support, track and improve the program's performance to ensure that it maximizes benefits for vulnerable people and communities while reducing greenhouse gas emissions.*