



Chief Executive Officers
Chief Business Officers
Facilities Directors
Community College Districts with Affordable Student Housing Projects in Active Development

Re: Guidance on Augmentation Requests and Material Changes for Affordable Student Housing Projects in Active Development

Dear Colleagues:

This letter provides guidance to community college districts with Affordable Student Housing projects in active development when a project issue arises that could affect approved cost, scope, or schedule. Recent legislative review of an Affordable Student Housing augmentation request raised concerns about future state cost exposure, discretionary scope changes, the need to fully evaluate value engineering and other cost-control measures, and the expectation that districts cover project cost overruns with nonstate funds to the greatest extent possible. Considering those concerns, the Chancellor's Office is providing the following guidance.

State Review of Project Changes

For projects financed under SB 155, which replaced funding from the Higher Education Student Housing Grant Program, state review requirements apply when a project issue may affect approved cost, scope, or schedule. Government Code section 15820.205(d) provides that the State Public Works Board may augment SB 155 financing pursuant to Government Code sections 13332.11 and 13332.19. The SB 155 project agreement also provides that districts must notify the Chancellor's Office when project changes may require review, and that districts remain responsible for project costs that exceed the maximum amount of state financing approved for the project.

Districts should not assume that additional state resources will become available to address project cost increases, other material project changes, or delayed timelines. Additionally, the Chancellor's Office will not support requests for additional state resources if the district is also proposing to reduce bed counts or otherwise materially reduce approved project outcomes. In reviewing future requests, the Chancellor's Office and state partners expect districts to have explored feasible cost-control measures, including value engineering, and to cover project cost overruns with nonstate funds to the greatest extent possible.

Early Notification and Coordination

Districts should notify the Chancellor's Office as early as possible when a project issue arises, or is expected to arise, that may affect approved project delivery. Early communication is important so the Chancellor's Office and state partners can assess the issue, determine what review, documentation, or approvals may be required, and help avoid unnecessary delay. Districts are also expected to respond as timely as possible to requests for information during review of project issues.

Information Required for Review

If a project issue may affect approved cost, scope, or schedule, the district must provide the Chancellor's Office with sufficient information to support timely review. Any district seeking additional state resources must clearly show why the request is necessary, what nonstate resources are available, what cost-control measures have been pursued, and whether the proposal would reduce bed counts or another core project benefit. At a minimum, the district must provide the following:

1. Confirmation that sufficient funds are available to complete the project

This must identify all committed local and other nonstate funds available to address the issue, specify the source and amount of each commitment, and explain whether the project can be completed without additional state support being considered. For projects financed under the SB 155 Statewide Lease Revenue Bond program, the district is responsible for any project costs that exceed the maximum amount of state financing approved for the project. If additional state resources are being sought, the district must explain why committed and available nonstate funds are insufficient.

2. A narrative describing the issue and the proposed project change

This must explain the change in cost, scope, or schedule, when it arose, what caused it, and what action the district is proposing. It must also state clearly whether the district is proposing any scope expansion, any reduction in total bed counts, any reduction in low-income beds, or any other material reduction in approved project outcomes.

3. A detailed breakdown of the cost increase, if applicable, and an explanation of how the revised estimate was developed

This must identify the major cost drivers, explain the basis for each amount, and describe how the revised estimate was prepared. The information should be specific enough to show what changed and how the revised project cost was determined.

4. A description of all feasible cost-control measures considered or implemented, and a revised project schedule if applicable

This must include value engineering and other efforts to reduce costs and avoid additional state exposure. If the district is requesting additional state resources, it must explain why the matter cannot be resolved through those measures and available nonstate funds. If the issue affects project delivery, the district must also identify changes to major milestones and explain any effect on approvals, bidding, construction, occupancy, or overall delivery.

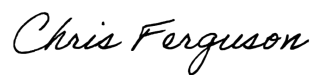
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May 11, 2026

The Chancellor's Office recognizes that districts are managing complex Affordable Student Housing projects in a changing environment and appreciates their continued partnership. Clear and timely communication remains important when project issues arise. Districts with questions regarding this guidance, or with a project issue requiring discussion, should contact the Student Housing Unit.

For questions regarding this guidance or to discuss a project issue, please contact the Student Housing Unit at studenthousing@cccco.edu or Ronnie Slimp at rslimp@cccco.edu, (916) 327-4415.

Sincerely,



Chris Ferguson
Executive Vice Chancellor, Finance and Strategic Initiatives
California Community Colleges Chancellor's Office