T R A N S M I T T A L

TO	DATE
The City Council	09/04/2026
FROM The Mayor	

REQUEST FOR APPROVAL OF AND AUTHORITY TO RELEASE THE HOMES FOR LA ROUND 2 NOFA REGULATIONS AND OPEN THE 2026 NOTICE OF FUNDING AVAILABILITY

Approved and transmitted for your consideration.
Please see attached.

MAYOR
(Mitch Kamin for)

Tiena Johnson Hall, General Manager
Luz C. Santiago, Executive Officer

Anna E. Ortega, Assistant General Manager
Emilyzen Cervantes, Assistant General Manager
Craig Arceneaux, Assistant General Manager

City of Los Angeles

Karen Bass, Mayor

LOS ANGELES HOUSING DEPARTMENT
1910 Sunset Blvd., Ste 300
Los Angeles, CA 90026
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August 17, 2026

Council File: NEW
Council Districts: Citywide
Contact Persons: Roderick Hall
Craig Arceneaux (213) 808-8967

Honorable Karen Bass
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Legislative Coordinator

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT REQUEST FOR APPROVAL OF AND AUTHORITY TO RELEASE THE HOMES FOR LA ROUND 2 NOFA REGULATIONS AND OPEN THE 2026 NOTICE OF FUNDING AVAILABILITY

SUMMARY

The General Manager of the Los Angeles Housing Department (LAHD) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, LAHD seeks approval for and requests authority to release the LAHD Homes for LA: 2026 Affordable Housing Notice of Funding Availability (Homes for LA NOFA) Program Regulations and Term Sheets, attached herein, with an anticipated first round of solicitations in October 2026. The amount of funding proposed for this Homes for LA NOFA totals approximately $466.6 million, including California Permanent Local Housing Allocation funds (known as PLHA or SB 2), United to House LA (ULA) funds, Affordable Housing Linkage Fee (AHLF), and Los Angeles County Affordable Housing Solutions Agency (LACAHSA) funds.

RECOMMENDATIONS

I. That the Mayor review this transmittal and forward to the City Council for further action;

II. That the City Council, subject to the approval of the Mayor:

A. AUTHORIZE the General Manager of LAHD, or designee, to release the LAHD Homes for LA: 2026 Affordable Housing Notice of Funding Availability (Homes for LA NOFA) Program Regulations and Term Sheets, herein attached in substantially final form (Attachment 1) and subject to the approval of the City Attorney as to form, based on availability of funds allocated in California Permanent Local Housing Allocation (SB2) grant funds, Affordable Housing Linkage Fee Funds (AHLF), United to House Los Angeles (ULA) Program funds, and Los Angeles County Affordable Housing Solutions Agency (LACAHSA) Program funds, up to a total amount of $466,575,674.71;

B. AUTHORIZE the General Manager of LAHD, or designee, to recommend project funding awards based on the approved Homes for LA NOFA regulations and term sheets, and to present such recommendations to the City Council and Mayor for approval; and

C. APPROVE the enclosed ULA Program Guidelines, in Attachments 3 and 4, amending and replacing the Program Guidelines for the ULA Alternative Models for Permanently Affordable Housing Program and the ULA Operating Assistance Program, respectively.

BACKGROUND

The City Council approved the City's inaugural round of the Homes for LA NOFA on June 30, 2025 (C.F. No. 25-0690). This Council action also approved the Homes for LA NOFA Regulations and Term Sheets ("Homes for LA Regulations"), establishing an administrative framework for the competitive solicitation, and authorizing the Department to open a call for new construction and preservation projects. A total of $393.9 million in funding was authorized to be made available in Round 1 of the Homes for LA NOFA, with the bulk of the funds coming from ULA, with support from HOME, AHLF, and SB 2 funding.

On May 1, 2026, the City Council approved funding awards for 80 projects totaling $360.9 million. These projects consisted of 1,288 units of new construction and 3,713 units preserved.

In Round 2 of the Homes for LA NOFA, LAHD proposes to utilize ULA, SB 2, AHLF, and LACAHSA Production Preservation and Ownership New Construction (PPO NC) funding. Since some of the ULA and SB 2 funding was not awarded during the last round, Table 1 shows the breakdown of new funds and rollover funds available for the Homes for LA NOFA Round 2:

TABLE 1, BREAKDOWN OF FUNDS AVAILABLE FOR HOMES FOR LA NOFA ROUND 2

Funding Source	Round 1 Rollover	Newly Allocated Funding	Total Available
ULA Multifamily Affordable Housing	$1,032,217	$122,452,713	$123,484,930
ULA Alternative Models: New Construction	$0	$104,084,806	$104,084,806
ULA Alternative Models: Preservation	$7,066,976	$18,367,907	$25,434,883
ULA Acquisition & Rehabilitation: Preserving Affordability	$10,915,618	$21,769,371	$32,684,989
ULA Operating Assistance	$11,211,727	$27,211,714	$38,423,441
SB 2	$0	$26,611,522.71	$26,611,522.71
Affordable Housing Linkage Fee	$0	$27,000,000	$27,000,000
LACAHSA PPO NC	$0	$88,851,103	$88,851,103
		Total	**$466,575,674.71**

PROPOSAL FOR HOMES FOR LA NOFA ROUND 2

As in Round 1, the Homes for LA NOFA Round 2 is proposed to solicit projects for multiple programs through one unified administrative framework. This recommended framework was developed based on stakeholder feedback received after Round 1, collected through surveys, listening sessions, comment letters, and direct feedback from applicants, industry associations, advocacy groups, and other key stakeholders.

The Homes for LA NOFA Regulations (Attachment 1) describe the general standards, definitions, compliance requirements, and administration processes for this NOFA. Additional requirements in the regulations include provisions outlined in the ULA Measure, requirements in the City Council-adopted ULA Program Guidelines (C.F. No. 23-0038-S8), and the LACAHSA Program Guidelines.

Each of the seven (7) programs is described in detail by its Term Sheet (Attachment 2). Table 2 summarizes the funding programs that are proposed for inclusion in the Homes for LA NOFA Round 2.

TABLE 2, FUNDING PROGRAMS PROPOSED TO BE COMPETITIVELY SOLICITED THROUGH HOMES FOR LA ROUND 2

Funding Program	**Funding Source**	**Proposed Program Funding Amount**
ULA Multifamily Affordable Housing	ULA Multifamily Affordable Housing	Up to $123,484,930
ULA Alternative Models: New Construction	ULA Alternative Models: New Construction	Up to $104,084,806
ULA Alternative Models: Preservation	ULA Alternative Models: Preservation	Up to $25,434,883
ULA Acquisition & Rehabilitation: Preserving Affordability	ULA Acquisition & Rehabilitation: Preserving Affordability	Up to $32,684,989
ULA Operating Assistance	ULA Operating Assistance	Up to $38,423,441
Pooled Sources: Multifamily	LACAHSA PPO NC and SB2	Up to $115,462,625.71
Portfolio Preservation	AHLF	Up to $27,000,000
	Total	**Up to $466,575,674.71**

The Homes for LA NOFA includes three (3) programs focused on new construction of affordable housing, three (3) programs focused on preservation of affordable housing, and one (1) program focused on assisting existing affordable housing through the provision of operating assistance funds. This builds and expands on the Round 1 of the Homes for LA, which was the first NOFA administered by LAHD with major funding aimed at the construction and preservation of existing affordable housing.

Additionally, consistent with the City Council's action approving the AHMP streamlining transmittal (C.F. No. 23-0624), as part of the Homes for LA NOFA process, LAHD will implement and utilize the process improvements as set forth in the LAHD Report dated February 28, 2025 and adopted by City on April 8, 2025, which will allow for streamlined implementation of funding awards. These improvements include key provisions to, among other things, ensure expedient utilization of funding awards and to delegate the necessary authority to the General Manager of LAHD, or her designee, to take necessary actions consistent with the funding awards to minimize the number of times a project must return to City Council for additional action.

One notable change between Rounds 1 and 2 is that Round 2's solicitation is proposed to include LACAHSA PPO NC for the first time. LACAHSA PPO NC funds are proposed to augment the existing Pooled Sources: Multifamily Program, which would continue, as in Round 1, to support projects applying for Low Income Housing Tax Credits (LIHTC). The following sections summarize other key changes to the Homes for LA Programs.

Preservation Interventions at the Sponsor Portfolio Level

The Portfolio Preservation Program is a new program proposed to be funded using Affordable Housing Linkage Fee funds. This program would provide funding to stabilize entire sponsor portfolios at a larger scale instead of stabilizing individual projects within a sponsor's portfolio on a one-by-one basis. Funding would be used to address technical compliance risks and to restore long-term financial viability by positioning assets for eventual recapitalization; this would extend the long-term affordability of projects within a portfolio at a lower cost compared to replacing units if the properties were to deteriorate or be lost from the City's affordable housing inventory altogether. LAHD proposes to open Round 2 of the Homes for LA NOFA with a Portfolio Preservation Program structured to assist projects with units up to 120% AMI, while concurrently seeking approval from the Affordable Housing Linkage Fee Oversight Committee and City Council before the launch of the Homes for LA NOFA Round 2. LAHD is requesting Council authority to move forward with the program as designed, and if the funding pathway is not achieved by the time LAHD makes NOFA award recommendations, then LAHD will not include this program in the Homes for LA NOFA Round 2, but issue a separate NOFA (Homes for LA NOFA Round 3) for the Portfolio Preservation program.

ULA Program Guideline Amendments

In the previous Council report on the Homes for LA NOFA (C.F. No. 25-0690), LAHD noted that several provisions in the ULA Program Guidelines warranted revision to provide greater flexibility in using these funds. LAHD received and collected feedback from stakeholders, including NOFA applicants, regarding improvements to Round 1 of the Homes for LA NOFA programs. LAHD determined that the five (5) ULA programs would remain largely the same between Rounds 1 and 2; however, LAHD identified minor changes to the ULA Alternative Models and ULA Operating Assistance programs discussed in the section below. LAHD presented those changes to the ULA Citizen Oversight Committee (ULA COC). The ULA COC reviewed and voted to approve targeted amendments to the ULA Alternative Models Program Guidelines and the ULA Operating Assistance Program Guidelines at its May 28th and July 23rd meetings (Attachment 3).

The ULA Alternative Models Program Guidelines, as originally approved by the City Council in 2024 (C.F. No. 23-0038-S8), envisioned projects that would use mixed-income – including market-rate – unit mixes to generate cash flow and cross-subsidize deeply affordable units. Moreover, the ULA Alternative Models Program Guidelines called for the City to cover a higher percentage of the total development cost for these projects, reducing the need for project sponsors to compete for scarce state resources. Since the City would be investing a higher share of financial assistance than in a standard LAHD lending program, and the projects were expected to generate more income than a standard project, LAHD initially recommended structuring loans under this program as amortizing loans repaid over a 60-year period. However, only two Round 1 projects were able to demonstrate financial feasibility under this loan structure, even with subsidized, below market interest rates. As a result, LAHD recommended to the ULA COC that the ULA Alternative Models Program Guidelines be amended to add the option for the program to leverage residual receipts loans, and to align the residual receipts loan term to the standard loan term (57 years) that LAHD uses for most loan products. The ULA COC recommended these revisions for approval.

The ULA Operating Assistance Program Guidelines were also originally approved by the Council in 2024 on the same Council file as all other ULA Program Guidelines (C.F. No. 23-0038-S8). The ULA Operating Assistance Program was originally designed with criteria that limited total subsidies up to $2,000 per unit over a two (2) year period (up to $4,000 per unit total), requiring assisted projects to obtain positive cashflow upon the completion of the two (2) year funding assistance, and structuring LAHD's financial assistance in the form of a non-forgivable loan. Due to feedback received from NOFA applications regarding the program's efficacy, LAHD recommended that the ULA COC amend the ULA Operating Assistance Program Guidelines to allow LAHD flexibility in designing the program, as the criteria prevented the City from awarding the full funding allocation in Round 1 of Homes for LA. The ULA COC recommended these revisions for approval. With approval of these recommended

changes to the Program Guidelines, for Round 2, LAHD proposes limiting total subsidies up to $3,750 per unit over a two (2) year period (up to $7,500 per unit total), requiring assisted projects to identify systemic cost drivers or economic shocks beyond their control, and structuring LAHD's financial assistance in the form of a forgivable loan.

Recommendation C of this report would effectuate City Council approval of the changes to the ULA Program Guidelines, as amended by the ULA COC.

NOFA PROCESS AND TIMELINE

C.F. No. 23-0624, as approved by City Council on April 9, 2025, directed that LAHD present an annual NOFA to the City Council for approval at the beginning of each fiscal year that includes, at a minimum, the applicable guidelines and regulations for the NOFA. This report and attachments provide the information as directed. This City Council action also delegated authority to the General Manager of LAHD or a designee to streamline the implementation of funding awards. These delegated authorities are outlined below:

1. The requirement to present an annual Notice of Funding Availability (NOFA) to the City Council for approval at the beginning of each fiscal year that includes, at a minimum, the applicable guidelines and regulations for the NOFA; necessary delegated authorities to the General Manager, LAHD, or a designee, for streamlined implementation of funding awards; and a calendar of anticipated dates for one or more funding rounds in the NOFA process that are intended to align with the schedules of other funding sources;

2. Authorization for the General Manager, LAHD, or designee, to recommend project funding awards based on the approved NOFA criteria and direction that such recommendations be presented to Council and Mayor for approval.

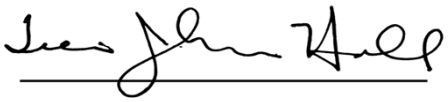
Subject to Council approval, LAHD proposes to open the NOFA solicitation on October 13, 2026, with a final application deadline set for December 4, 2026. LAHD proposes to announce scoring results on February 19, 2027, and transmit award recommendations to the Council in the following weeks.

Additionally, City Council directed that LAHD create a calendar of anticipated dates for one or more funding rounds in the NOFA process, intended to align with the schedules of other funding sources (such as LIHTC funding availability). LAHD is opening NOFA rounds as frequently as possible with current staff capacity; however, LAHD does not currently have the staff capacity to align with LIHTC funding rounds. During Round 2, LAHD will tentatively assign all applicable projects to the tax credit round under which they must apply, ensuring a streamlined process for acquiring necessary funding.

FISCAL IMPACT

There is no impact to the General Fund. The recommendations in this report will authorize LAHD to solicit applications utilizing set-asides of various Special Funds.

Approved By:



TIENA JOHNSON HALL
General Manager
Los Angeles Housing Department

ATTACHMENTS:

Attachment A - 2026-2027 Homes for LA NOFA Regulations
Attachment B - Term Sheet - ULA Multifamily Affordable Housing
Attachment C - Term Sheet - Pooled Sources: Multifamily
Attachment D - Term Sheet - ULA Alternative Models New Construction
Attachment E - Term Sheet - ULA Acq/Rehab Preserving Affordability
Attachment F - Term Sheet - ULA Alternative Models Preservation
Attachment G - Term Sheet - Portfolio Preservation Program
Attachment H - Term Sheet - Operating Assistance
Attachment I - ULA Alternative Models Guidelines
Attachment J - ULA Operating Assistance Guidelines

CITY OF LOS ANGELES
LOS ANGELES HOUSING DEPARTMENT

HOMES FOR LA: 2026 AFFORDABLE HOUSING NOFA
PROGRAM REGULATIONS AND TERM SHEETS

NOTICE OF FUNDING AVAILABILITY

Draft as of August 7, 2026

HOMES FOR LA NOFA REGULATIONS

TABLE OF CONTENTS

	INTRODUCTION	3
	TIMELINE	5
SECTION 1	ADMINISTRATION OF THE FUNDING SOLICITATION	6
SECTION 2	UNIVERSAL LOAN TERMS AND REQUIREMENTS	9
SECTION 3	LAHD POLICIES AND PROCEDURES	19
SECTION 4	HUD-FUNDED PROJECTS ONLY	25
SECTION 5	THRESHOLD REQUIREMENTS, DOCUMENTS, AND DEFINITIONS	28
SECTION 6	APPLICATION PROCESS	49
SECTION 7	SCORING OF APPLICATIONS	51
SECTION 8	FEDERAL AND STATE WAGE AND LABOR REQUIREMENTS	67
SECTION 9	CONSTRUCTION STANDARDS	69
APPENDIX I	NOFA REQUIRED FORMS AND ATTACHMENTS CHECKLIST	76
	EXHIBIT LIST (documents are posted on the Homes for LA NOFA web page)	
Exh_01	LAHD Architectural Guidelines	
Exh_02	Planning Department CEQA Process	
Exh_03	HUD Section 3 Requirements	
Exh_04	Instruction for Completing Property Management Plan	
Exh_05	LAHD Land Use Fee Schedule	
Exh_06	Enhanced Accessibility Program	
Exh_07	Pet Policy	

Note: *For Threshold Document Checklists applicable to all programs, see Appendix I at the bottom of this document. For project specific threshold items, see individual term sheets.*

INTRODUCTION

The City of Los Angeles's (City's) goal, through the Los Angeles Housing Department (LAHD) Homes for LA: 2026 Affordable Housing Notice of Funding Availability (Homes for LA NOFA), is to create affordable housing and prevent future homelessness in the City of Los Angeles. The purpose of these Homes for LA NOFA Regulations, Policies, and Procedures (Homes for LA NOFA Regulations) is to document the policies, rules, and regulations governing the local, state, and federal funding administered by the City of Los Angeles through the Los Angeles Housing Department (LAHD) to assist in the creation and preservation of affordable housing.

The funding sources comprising the Homes for LA NOFA are the City's Measure United to House LA (ULA), Measure A funding through the Los Angeles County Affordable Housing Solutions Agency (LACAHSA), Affordable Housing Linkage Fee (AHLF), and the State of California's Permanent Local Housing Allocation (PLHA or SB2).

These Homes for LA NOFA Regulations consist of general regulations that apply to eight (8) unique funding programs that are each addressed in their own term sheet. The main body of the Homes for LA NOFA Regulations serves to establish general City and LAHD rules and procedures, elaborate on universal definitions and standards, and assist applicants in navigating and understanding the differences between the various funding programs. Successful respondents must closely consult both the main body of the Homes for LA NOFA Regulations, as well as the specific term sheet for the funding program for which they will apply:

1. Portfolio Preservation Program
2. ULA Multifamily Affordable Housing
3. ULA Acquisition and Rehabilitation of Affordable Housing: Preserving Affordability
4. ULA Alternative Models for Permanent Affordable Housing: Preservation
5. ULA Alternative Models for Permanent Affordable Housing: New Construction
6. ULA Operating Assistance
7. Pooled Sources: Multifamily

The housing created, preserved, and supported through the Homes for LA NOFA is intended to serve all populations identified by ULA, California State Tax Credit Allocation Committee (CTCAC), the California Debt Limit Allocation Committee (CDLAC), the California Department of Housing and Community Development (HCD), and the U.S. Department of Housing and Urban Development (HUD). Some projects funded as part of the Homes for LA NOFA will be required to leverage City funding with other sources to the greatest extent possible, while others may pursue more limited leveraging strategies.

In part, these Homes for LA NOFA Regulations effectuate the ULA Measure and amended Program Guidelines (approved by the City Council pursuant to Council File (C.F.) No. 23-0038-S8) and will be implemented consistent with the streamlined affordable housing funding award process pursuant to Council File No. CF 23-0624. The Pooled Sources program will deploy LACAHSA funding, and are required to comply with the requirements of SB 679, Measure A, and the LACAHSA Program Guidelines.

Questions and Office Hours

Please submit all questions or requests for online technical assistance to the lahd.H4LANOFA@lacity.org email.

To ensure that questions are answered in a fair and timely manner, LAHD will publish responses on the Homes for LA website.

Additionally, the Department will host office hours to provide technical assistance with interpreting the solicitation's rules and regulations, as well as to support user navigation of the UNOFA portal.

UNOFA Platform Tech Help Desk Support

LAHD will provide a dedicated Technical Help Desk designed to assist applicants with all technical aspects of the UNOFA Portal. 3Di, the IT contractor managing the UNOFA platform, will serve as the first point of contact for all portal-related technical issues. Questions concerning funding programs, eligibility requirements, application content, policy interpretation, compliance, or other business-related matters will be routed to LAHD program staff. Technical support services will be available Monday through Friday, 8:00 AM – 5:00 PM (Pacific Time), excluding City holidays.

Submittal Deadlines

Homes for LA NOFA Sponsor underwriting applications can be submitted starting from October 13, 2026, until November 13, 2026 at 11:59 p.m.

Homes for LA NOFA project applications can be submitted starting from October 13, 2026, until December 4, 2026 at 11:59 p.m.

Applications will be accepted via the online UNOFA platform only. Any modification of forms and templates provided by LAHD without prior approval is not allowed. Any application and other application-related documents submitted after the deadline will not be accepted. All applicants are encouraged to file their applications as early as possible.

2026 LAHD Homes for LA NOFA Timeline*

DESCRIPTION	Tentative Date
Post Final Regulations	September 19, 2026
Bidder's Conference	October 6, 2026
Open Notice of Funding Availability	October 13, 2026
Notice of Funding Availability Sponsor Underwriting applications due by 11:59pm	November 13, 2026
Notice of Funding Availability Program applications due by 11:59pm	December 4, 2026
List of Applications and Self scores published	December 11, 2026
LAHD Notifies Applicants of Score(s)	February 5, 2027

*Should the Department need to adjust the NOFA timeline, it will publish an addendum at least three weeks prior to any updated application deadline and extend deadlines if a delay is unavoidable.

SECTION 1: ADMINISTRATION OF THE FUNDING SOLICITATION

LAHD, through this Homes for LA NOFA, intends to solicit, evaluate, score, select, and fund the new construction, rehabilitation, operations, and/or preservation of multifamily rental housing in Los Angeles. The Homes for LA NOFA will award local, state, and/or federal funds (subject to availability) and will seek to maximize their impact by aligning projects with LIHTC funding when possible.

Due to the complexity of the funding sources comprising this solicitation, and the breadth of housing needs across the City, the Homes for LA NOFA Regulations and Term Sheets are designed to administer multiple programs, each with a different focus and requirements, under the umbrella of one solicitation.

1.1 Homes for LA NOFA Funds Available and Leverage Requirements

The amount available for allocation will be determined by the availability of federal, state, and/or local funding. The Homes for LA NOFA will offer eight (8) separate funding programs each with their own term sheets. Various funding sources are allocated to each program according to project type and leverage requirements as shown below:

1.2 Term Sheets

Each program will have its own term sheet governing terms of the loan product, program-specific threshold requirements, and a more detailed description of the particular requirements attached to that program. The term sheets are attached to this Homes for LA NOFA and titled by the name referenced in Table 1. **Applicants must review the term sheet specific to the program for which they submit an application.**

1.3 Tax Credit Competitiveness

In order to manage LAHD deal flow and position awardees for competitive leveraging sources, the Homes for LA NOFA Regulations and Term Sheets distinguish between tax credit and non-tax credit program pathways.

The following programs are not allowed to leverage Low Income Housing Tax Credits (LIHTC):

- ULA Alternative Models: New Construction; and
- ULA Alternative Models: Preservation.

The following programs may leverage LIHTC:

- Pooled Sources: Multifamily;
- ULA Acquisition/Rehabilitation Preserving Affordability; and
- ULA Multifamily.

Projects that are expected to leverage LIHTC must indicate whether the deals are structured with 9% or 4% tax credits. If awarded under the Homes for LA NOFA, the project will be tentatively assigned a tax credit round under which to apply and will be required to apply for that tax credit round.

At its sole discretion, the LAHD may allow applicants/developers to revise financing strategies for their project.

In these cases, an applicant/developer shall submit a revised financing strategy to LAHD. The revised financing strategy must be submitted to LAHD no later than sixty (60) calendar days prior to the leveraging source's application deadline. The applicant/developer must receive LAHD's written approval of the revised financing plan in order to avail of other City-controlled documents, e.g. Letter of Support, Article 34, Funding Award Letter, etc.

In addition, if the applicant/developer fails to submit this request within the specified time, then LAHD shall re-calculate the project's score that was utilized for the Homes for LA NOFA scoring. If the recalculated score is less than the total point score of the lowest scoring project in the sort order in which the project competed, then the project may be excluded from the Pipeline list.

LAHD's commitment of funding to the successful applicant shall be valid for up to twelve (12) months from the date of the LAHD award letter. If the project is unsuccessful in obtaining tax credits within that twelve (12) month period, the Homes for LA NOFA funding commitment may be extended for up to twelve (12) additional months. If the project becomes infeasible due to non-compliance, failure to achieve project readiness milestones, or inability to obtain tax credits or other necessary financing, its conditional award shall be terminated and reallocated subject to the discretion of LAHD's General Manager.

1.4 Additional Funding Awards and Admittance Terms: ULA Alternative Models New Construction and ULA Alternative Models Preservation

If awarded under the Homes for LA NOFA, the commitment term of the award shall be valid for up to 24 months from the date of the LAHD award letter. If the project becomes infeasible due to non-compliance and/or failure to achieve project readiness milestones, or if the additional source(s) becomes unavailable, its conditional award shall be terminated and reallocated subject to the discretion of LAHD's General Manager.

Additionally, ULA Alternative Models New Construction and ULA Alternative Models Preservation Programs have an **Enhanced Environmental Health Commitment requirement,** which is triggered on development sites with a CalEnviroScreen 4.0 Overall Score in the 80th percentile or greater. Please refer to *Section 5: Threshold Requirements* for more detail on the requirement.

1.5 Additional Funding Awards and Admittance Terms: Operating Assistance

Under the ULA Operating Assistance program, it is possible that due to inadequate cash flow, projects may show delays in complying with Rent Escrow Account Program (REAP), fail a background check, or exhibit non-compliance with other business policies applicable to all other programs. If this is the case, projects may still be eligible for funding even if they fail the background check so long as part of the stabilization plan identifies systemic cost drivers or economic shocks beyond their control.

SECTION 2: UNIVERSAL LOAN TERMS AND REQUIREMENTS

Interest and Loan Repayment

2.1 Payment of Interest During Construction

The Department may waive construction loan interest to ensure the financial feasibility of a project, if needed and requested by the project applicant at the time of the application. Construction loan interest can be waived for a maximum of three (3) years, starting from the date of the first warrant (Los Angeles City check) of the disbursement of the loan proceeds, up to the Project Completion Date.

If an interest waiver is not needed during the period of construction, accrued interest (hereinafter referred to as "Construction Period Accrued Interest") shall be calculated from the date of the first warrant of the disbursement of the LAHD loan proceeds, until the Project Completion Date. Construction Period Accrued Interest, shall be due and payable to Lender within sixty (60) days after Project Completion, but no later than the date of the permanent loan conversion. Payment of said interest is a condition required prior to conversion from a construction loan to a permanent loan.

For rehabilitation projects, the date of completion shall be the same date as the recordation date of Notice of Completion. Payment of the Construction Period Accrued Interest is a condition required prior to conversion of the LAHD loan from a construction loan to a permanent loan.

Project Completion means that (1) all necessary title transfer requirements and construction work have been performed; (2) the project complies with the requirements and property standard for all sources of funds; (3) the final drawdown of construction funds has been disbursed for the project; (4) construction has been completed and before occupancy; and (5) the final Certificate of Occupancy has been issued. Payment of all interest accrued from the date of the warrant until the Project Completion Date (the "Construction Period Interest") shall be deferred and remain as outstanding interest on the loan.

Permanent Loan Conversion means the event of paying off the construction loan with the proceeds of the permanent loan. The conditions for converting from the construction loan phase to the permanent loan phase are (1) trigger of Project Completion; (2) Payment of Construction Period Interest in accordance with the City Loan Agreement; and (3) Stabilized Occupancy.

2.2 Payment of Interest After Completion of Construction

Upon construction completion, payment of interest shall be made from annual residual receipts, beginning the first payment date and each year thereafter through the term of the loan. Any interest accrued and deferred during the construction phase of the project shall be paid upon conversion to permanent. Construction Period Accrued Interest may, at LAHD's

discretion, be further deferred into the operational phase of the project and by being added to the outstanding principal on the loan. Principal shall be due at maturity of the loan. Interest shall be repaid if there is adequate cash flow after the allowable deductions are made.

2.3 Repayment of the LAHD Loan

For all Homes for LA programs, LAHD loans shall be repaid through a residual receipts distribution which allows the project to repay principal and accrued interest when adequate cash flow is available for distribution. LAHD shall receive 50% share of the cash flow remaining after the allowable deductions, unless there are multiple government agencies funding the same project. In that case, LAHD shall receive a pro-rata share of the residual receipts based on the amount of funds LAHD has awarded to the project relative to the total of all funds from all agencies. The allowable deductions from the cash flow shall be as follows:

- Operating expenses calculated on an accrual basis;
- Debt service on senior project debt;
- Payments to the operating reserve fund;
- Payments to the replacement reserve fund;
- Actual deposits to the supportive services reserve fund;
- Repayment of General Partner Operating loan(s);
- Payment of deferred developer fees excluding any interest; and
- $25,000 for projects that LAHD does not allow any other fees to be deducted prior to payment of residual receipts to the LAHD.

2.4 Commercial Space and Calculation of Residual Receipts

Commercial space is defined as all non-residential space that is a structurally integral part of, and within the envelope of a mixed-use development. A non-residential space that is used by the property owner primarily for the benefit of the tenants, (e.g. laundry room, community room, etc.), shall not be considered a commercial space.

The sources and uses of funds in the development budget shall contain detailed line items and apportioned amounts for any commercial component that is separate from its residential component. The financial proforma shall include cash flow projections for residential and commercial space.

2.5 Developer Fee

With the exception of the Operating Assistance Program and Portfolio Preservation Program, the allowed developer fee for all programs contained within these NOFA Regulations

applicants will be determined by the most recent CTCAC standards for 9% credits or the developer fee standards for 4% credits, as applicable. Non-LIHTC projects under this NOFA must align developer fee with CTCAC 9% standards.

2.6 Loan Default

The Loan Agreement will specify the events that may cause LAHD to declare the borrower in default. These events include, but are not limited to:

- Failure to construct or rehabilitate the proposed project within the time agreed;
- For acquisition projects, failure to purchase the subject property;
- Breach of rental/ownership covenants;
- Failure to maintain the property in good condition;
- Failure to make agreed-upon loan repayments;
- Failure to receive an LAHD approval prior to any change in ownership entity;
- Breach of affirmative action, equal opportunity, contractor responsibility, equal benefits or MBE/WBE requirements;
- Failure to submit annual financial statements certified by a certified public accountant;
- Failure to comply with Davis-Bacon or State Prevailing Wage requirements;
- Failure to comply with any applicable Project Labor Agreement requirements (including Measure ULA Project Labor Agreement) and prevailing wage requirements, as applicable;
- Failure to meet accessibility construction standards, and/or failure to comply with all applicable accessibility standards, including but not limited to: Section 504 of the Rehabilitation Act of 1973 as amended, Title VIII of the Civil Rights Act of 1964 as amended in 1988 by the Fair Housing Amendments Act, and the Americans with Disabilities Act Title II, the State of California's Unruh Act, Department of Fair Employment and Housing (DFEH) regulations, and California Government Code Section 11135 et. seq.;
- Failure to provide required replacement units, including off-site replacement units, within the allowed timeframe, pursuant to any relevant redevelopment plans and the requirements of the Department of City Planning;
- Failure to maintain appropriate insurance coverage without LAHD approval;
- Commencing construction (including demolition) without LAHD authorization;

- Failure to abide by development and/or construction schedules;
- Failure to maintain the project “in balance” during construction;
- Failure to pay property taxes that are associated with the project;
- Bankruptcy;
- Dissolution or insolvency of the ownership entity;
- Failure to adhere to construction cost limits as stated in Section 9 of these regulations; or
- Uncured event of default under any other loan agreements from federal, state, or county or private lenders.
- Breach of any terms in the Loan Agreement, including any and all exhibits.

2.7 Conversion Conditions

LAHD will not allow a construction loan to convert to a permanent loan unless all of the following conditions are met:

a. Receipt of a Certificate of Occupancy, a Temporary Certificate of Occupancy or acceptable evidence of final sign-off from the Los Angeles Department of Building and Safety, LAHD receipt of complete rent rolls;

b. Evidence of application for property tax abatement, or exemption, if original proforma contemplated tax abatement or exemption, or evidence that the property is owned by an entity or body that is exempt from taxation pursuant to Section 3 of Article XIII of the California Constitution;

c. Evidence that any conventional debt for the project has closed or will close concurrently;

d. Payment of the construction period accrued interest on LAHD’s Acquisition-Predevelopment/ Construction Loan that shall have accrued interest during construction period (applicable to projects that will be included in the Pipeline beginning 2015 and thereafter);

e. LAHD’s acceptance of a Final Accessibility Report from a State-Certified Access Specialist Program consultant (CASp), provided that the Final Accessibility Report will not be required for acquisition-only projects that do not include rehabilitation;

f. Verification of Compliance for the Development has been issued by the Neutral Accessibility Consultant (NAC), provided that this will not be required for acquisition only projects that do not include rehabilitation; and

g. LAHD’s receipt of the draft cost certification prepared by an independent Certified Public

Accountant or accounting firm, according to generally accepted auditing standards.

2.8 Occupancy Monitoring

Property Management Plan

Skilled property management is critical to the success of affordable housing developments. As part of the Project Readiness evaluation process, applicants must submit a Property Management Plan (PMP) no later than 120 days prior to the opening for marketing date. The PMP shall include an outline of the project's Affirmative Marketing process, including information concerning outreach to the various communities interested in leasing mobility and sensory accessible units, and ongoing monitoring of the occupancy in these units (Exhibit 4). LAHD shall only accept PMPs that are completed using the LAHD PMP module. Any PMP that is not submitted via the module will not be accepted. Once funding has been awarded, projects will be provided instructions on how to access the online portal to submit their Property Management Plan.

If the project includes federal rental assistance subsidy, then in the case of any conflict between the PMP module and a federal statute or regulation pertaining to the federal subsidy program, the provisions of the federal statute or regulation shall control as they pertain to any such conflicting
provision.

Household Income Limits for All Homes for LA NOFA Projects and Rent Schedules

LAHD will apply a general household income requirement of 80% AMI or below for occupants in all programs in the Homes for LA NOFA. However, projects braiding in outside funds (i.e. LIHTC) must comply with all applicable rent and income limits from various funding sources.

ULA Alternative Models New Construction and ULA Alternative Models Preservation have a limited exemption from the 80% AMI requirement. These two funding programs allow 20% of a project's units to be unrestricted with respect to the household's rents and incomes. Additionally, 20% of a project's units must be restricted to Acutely Low Income (ALI) households at 15% AMI, or Extremely Low Income (ELI) households at 30% AMI. These projects have the option of using mixed-income approaches to cross-subsidize the ALI/ELI units.

All Homes for LA NOFA funding programs will use HUD rent schedules, unless the funded project braids in additional sources that require a more restrictive funding source. Rent schedules can be found on the LAHD website and sponsors should use the most recent versions available:

https://housing.lacity.gov/partners/land-use-rent-income-schedules

Affirmative Marketing

Applicants must demonstrate that they have corrected all Occupancy Monitoring deficiencies,

e.g., issuing documentation of having corrected rents that were over-charged to tenants and have met all affirmative marketing requirements set forth by LAHD. As part of affirmative marketing, project sponsors will be required to market to non-English speakers and collect demographic data on tenants. The compliance period includes up to five (5) years of occupancy compliance history. Applications not meeting this criterion will be automatically rejected and will not be considered for further review during the current NOFA.

Property Management (residential and commercial)

LAHD reserves the right to approve the property management firm for each project. LAHD may require a change in the property management provider if costs are excessive relative to peers, or if the property manager fails to perform. Prior to completion of construction, developers must prepare a Property Management Plan (PMP) in accordance with LAHD requirements and receive approval of that PMP prior to lease-up. All affordable housing units must be leased within six (6) months of completion.

LAHD reserves the right to disapprove any commercial space tenants that will use the project's commercial space for any trade or business consisting of any operation that caters exclusively to adults, which may negatively impact tenants' safety and welfare. Such businesses include but are not limited to massage parlors, hot tub facilities, suntan facilities, racetracks or other facilities used for gambling, or any store, of which its principal business is the sale of alcoholic beverages for consumption off premises, etc.

2.9 Fair Housing Act's Exemption Regarding Senior Housing

The Federal Fair Housing Act prohibits discrimination based on family status, i.e., a project's Declaration of Covenants, Conditions, and Restrictions (CC&Rs) cannot exclude children. However, in accordance with Housing for Older Persons Act of 1995 (HOPA), the Fair Housing Act specifically exempts three types of housing for older persons from liability for familial status discrimination. Such exempt housing projects can lawfully refuse to sell or rent dwellings to families with minor children if they qualify for the exemption. In order to qualify for the "housing for older persons" exemption, a project must satisfy the following requirements:

- At least 80% of the occupied units must be occupied by at least one person 55 years of age or older. Projects can, if they so choose, require that 100% of the units have at least one occupant who is 55 years of age or older;
- The project shall publish and follow policies that demonstrate an intent by the association to provide housing for persons 55 years of age or older; and
- The project shall comply with age verification procedures designed to ensure compliance with 55+ requirements.

2.10 Accessible Housing Program Compliance

Covered Housing

Covered Housing Development includes all housing developments and housing units that are developed, designed, constructed, rehabilitated, altered, operated, administered, or financed, in whole or in part, in connection with a program administered in whole or in part by the City of Los Angeles or by its subrecipients.

Covered Housing Projects of the Accessible Housing Program (AcHP) are any projects owned by the applicants, the applicants' partners, or in which the applicants' principals have a vested interest that received funding, or received assistance in securing funding, from the City of Los Angeles. Covered Housing Projects under the AcHP must be certified as compliant with AcHP's policies. Applicants to this Homes for LA NOFA solicitation must maintain continued compliance for any other Covered Housing Projects in the applicant's, or the applicant's partners', portfolios if those projects are subject to AcHP.

Fair Housing Policy Regarding Disability

Projects must follow the "Fair Housing Policy in Regard to Disability," which details affirmative marketing, reasonable accommodations/ modifications, and tenant selection requirements, as they relate to compliance with California's Fair Employment and Housing Act (FEHA) and its Unruh Act, the federal Fair Housing Act (FHA), The Rehabilitation Act of 1973, Section 504 (§504), and the Americans with Disabilities Act (ADA).

2.11 Permanent Supportive Housing (PSH) Projects

Coordinated Entry System + Population Priorities

To compete as a Permanent Supportive Housing (PSH) project, the proposed development must serve extremely low and very low income, chronically homeless special needs individuals and veterans, formerly homeless, homeless families, homeless transition-aged youth (TAY), homeless seniors, and homeless disabled. All matching of PSH units shall be administered through the Coordinated Entry System (CES) via the Los Angeles Homeless Services Authority (LAHSA) or successor agency, or a similar prioritization system determined by LAHD, if applicable.

Supportive Services Plan for Supportive Housing Units

All supportive and affordable housing projects that have supportive housing units within each project shall submit a Supportive Services Plan that includes a detailed outreach plan for each proposed population, a staffing plan, and supportive services budget. Additionally, projects with Accessible Housing Program (AcHP) units shall submit a plan to incorporate the CES, or a similar prioritization system determined by LAHD, if applicable, and LAHD's Affordable and Accessible Housing Registry in leasing to persons needing accessibility features.

Vouchers in PSH Projects

Projects containing units set aside for PSH must demonstrate a commitment of Project-Based Vouchers (PBVs) or other operating or rental subsidy in order to be considered for funding under the Homes for LA NOFA.

Where there are discrepancies between these Homes for LA NOFA Regulations and Housing

Authority of the City of Los Angeles' (HACLA) or Los Angeles County Development Authority's (LACDA) Project-Based Vouchers (PBV) Notice of Funding Availability (NOFA) requirements, rental subsidy programs within LA County Measure A, California State Proposition 1 or the Flexible Housing Subsidy Pool (FHSP), the requirements attached to the agency providing the rental subsidy will prevail.

Tenant Referrals and Leasing Process

For Homes for LA NOFA-Funded PSH projects using PBV, developers must comply with the tenant referral and leasing preferences outlined in the HACLA or LACDA PBV NOFA, regulations and guidelines. This includes but is not limited to the requirement that both initial and ongoing vacancies of PBV units are filled using referrals received from the Universal Housing Application (UHA) managed by LAHSA. HACLA or LACDA may also maintain separate waiting lists to refer PBV applicants from a PBV or a tenant-based Housing Choice Voucher (HCV) Program waitlist.

2.12 Land Use Compliance

Replacement Unit Determinations (RUD)

Projects may be subject to affordable replacement requirements per the Housing Crisis Act of 2019, the Resident Protections Ordinance (LAMC 16.60), or specific plan replacement requirements, which may require like-for-like (i.e. same bedroom and bathroom count) replacement of existing units. Any affordable replacement unit(s) required per the RUD shall be replaced at an affordable rent per California Health and Safety Code (HSC) Section 50053 or at an affordable housing cost per HSC Section 50052.5.

No Net Loss Declaration If the project is qualified to utilize the No Net Loss Declaration (NNLD) in lieu of a RUD, please complete the NNLD and submit it to your Plan Checker (Building and Safety) and/or your Planner (City Planning). LAHD will request a copy upon submission of the covenant application.

Land Use Covenants

Projects that are requesting land use incentives/entitlements (ex. Density Bonus, TOC, Citywide Housing Incentive Programs, etc.) that allow for a density increase, parking reduction, etc., will be subject to affordable unit restrictions based on the incentive program being utilized. Affordable units required by the land use incentive/entitlements requested and replacement law shall be occupied by eligible Acutely Low (HSC Section 50063.5), Extremely Low (HSC Section 50106), Very Low (HSC Section 50105), Low (HSC Section 50079.5) and Moderate (HSC Section 50093) income households, as applicable. The maximum allowable rent that can be charged to eligible households for some of these restricted units may be lower than IRS Code Section 42 LIHTC (CTCAC) rent limits.

Before applying to the Homes for LA NOFA, applicants should review the RUD and Land Use Covenant requirements and application forms, which are available through LAHD's website at https://housing.lacity.gov/partners/developer-resources, or contact LAHD-Landuse@lacity.org with questions. Applicants are strongly encouraged to submit their RUD and/or Land Use Covenant applications as soon as possible. Applications received less than eight weeks prior

to the desired Ready To Issue permit date risk delay and may not receive timely clearance.

Land Use Fees

Projects must budget in their proforma the fees that are associated with services provided by LAHD's Land Use Section, e.g. covenant preparation, Replacement Unit Determination, covenant monitoring. These fees are effective as of January 16, 2017. For more information regarding fees, please visit:
https://housing.lacity.gov/wp-content/uploads/2024/03/Schedule-of-Land-Use-Fees.pdf

Relocation and Displaced Residents

If a new construction project requires residential relocation or permanent displacement, the project should seek to minimize permanent displacement of the site's residents.

Demolition and replacement of single room occupancy (SRO) and Residential Hotel units will be permitted only under the following circumstances:

1. The project is economically non-viable, physically obsolete, or severely distressed;
2. Where an owner is transferring all of a rental assistance contract under a Rental Assistance Demonstration (RAD) Use Agreement or similar government-sanctioned or court ordered program, the owner must engage in consultation with residents and a non-profit entity must retain ownership or control of the units to preserve their long-term renewable use and affordability restrictions; and
3. At minimum, the project must provide replacement units onsite or offsite at a ratio of 0.75 units replaced for every SRO unit demolished or redeveloped. Offsite replacement must be completed within four (4) years of demolition or redevelopment of the primary site, with the possibility of a one (1) year extension. LAHD reserves the right to declare the project in default if the sponsor fails to provide the offsite replacement units in a timely manner.

If the proposed site is occupied, a Tenant Displacement Assessment and Relocation Plan must be conducted before applying to the Homes for LA NOFA. All projects will be required to adhere to the Uniform Acquisition and Relocation Act of 1970 (URA) or the City of Los Angeles' Rent Stabilization Ordinance (RSO).

Applicants are required to retain up-to-date records of the relocated/displaced tenants' addresses and to properly notify said tenants of lease-up information. Copies of the notice, with proof of delivery (i.e., copies of notices with tenant's signature or certified/registered mail receipts with postmarked U.S. Postal form PS 3811) must be delivered to LAHD for all tenants that were listed in the Relocation Tenant Rent Roll as of the date of the project's Homes for LA NOFA application.

2.14 Subordination Agreement Requirement

For non-ULA loans, the Department will allow private debt to be senior in lien priority to our City debt. For all LAHD-funded projects, the Regulatory Agreement will remain senior in priority to the private debt, as required by applicable law.

SECTION 3: LAHD POLICIES AND PROCEDURES

3.1 Compliance with LAHD Business Policy

LAHD may deny applications from individuals or entities that have not met current obligations to the City, as identified in LAHD's business policy. All applicants are subject to background checks to ensure compliance with the business policy, in addition to LAHD Code, Rent Registration, Occupancy Monitoring, Accessible Housing Program (AcHP), and portfolio management requirements. Submittal of a proposed project by an applicant that is not in compliance may result in disqualification of the project.

LAHD has worked with a substantial number of developers over the years to create affordable housing. However, in some cases, developers have exhibited a lack of capacity to complete projects on time and on budget. In response, LAHD received approval from the Mayor and City Council to adopt the Department's Business Policy (CF 99-1272). Applicants and their business partners who are in violation of the business policy are disqualified from LAHD solicitations.

Non-compliance includes, but is not limited to, any monetary or non-monetary compliance issues, such as failure to submit payments when due, failure to submit required financial statements in a timely manner, failure to submit documents verifying adherence to rent regulatory agreements when required, failure to comply with the requirements of any rent regulatory agreement or covenant, and failure to correct any building deficiency noted by any governmental agency in a timely manner.

LAHD will conduct a background check internally, based on the information provided to determine if any outstanding financial statements, residual receipts payments, Rent Registration or Code (SCEP), or Land Use Monitoring fees are due, if there are unpaid property taxes, lapsed insurance, Occupancy Monitoring (tenant eligibility) issues or issues concerning Accessible Housing Program (AcHP) compliance, Affirmative Marketing due to non-listing on https://lahousing.lacity.org outstanding cited habitability violations, and/or if the property is in any of the City's compliance programs due to unabated habitability violations (i.e. REAP). Failure to disclose all applicable properties may result in disqualification of the application.

3.2 Misrepresentations or Material Changes to the Project

Any changes regarding the borrowing entity or changes to the project's design, including, but not limited to unit count, unit configuration, and/or financial structure of either the applicant or the project, subsequent to the submittal of the Homes for LA NOFA application must be communicated to LAHD in writing, and may require Council approval. In the event misrepresentations are made regarding either the borrowing entity or the project, LAHD reserves the right to cancel the award and reallocate the funding commitment.

The total development costs, developer fee, contractor's overhead and profit, and general requirements/conditions shall not differ by more than ten percent (10%) from the amount in the project's application without approval from LAHD. LAHD reserves the right to cancel the

award and reallocate the funding commitment.

3.3 Security

LAHD loans will be evidenced by a promissory note and secured by a deed of trust. For all LAHD-funded programs, except for Operating Assistance loans, the City will also record a Regulatory Agreement, which will state that the City's affordability covenants will remain senior in priority to any and all private debt. Any entity taking title to a project supported by LAHD funds shall also be bound by the City's affordability covenants. For projects with existing private debt, the private lenders shall enter into a subordination agreement with the City, allowing the lien priority of the Regulatory Agreement to be senior to the existing private debt.

3.4 Standardized Pet Policy for projects within the City of Los Angeles

Ordinance No. 186228 (Ordinance) is a City of Los Angeles ordinance adding Article 17 to Chapter IV of the Los Angeles Municipal Code and is entitled "Pet Ownership in Publicly-Financed Housing Developments", authorizes tenants of new or rehabilitated multifamily housing financed, in whole or in part, by the City of Los Angeles on or after the effective date of the Ordinance, to have at least one pet in a rental unit consistent with applicable Federal, State and Local Laws.

The Ordinance defines a "Pet" as a common household domesticated animal such as a dog, cat, rabbit, bird, mouse, rat or similar small rodent, fish or turtle that is kept in the home for pleasure rather than for commercial purposes. "Pet" shall not include any equine (including any horse, pony, donkey, burro or mule), swine, sheep, goat, cattle, poultry or other similar livestock, and shall not be kept in an affordable housing unit for commercial purposes. If this definition conflicts with any applicable state law or regulation defining the pets that may be owned or kept in residential dwellings, the state law or regulation shall apply. Specific Homes for LA NOFA policies and guidelines for this Ordinance are outlined in Exhibit 07 on the Homes for LA webpage.

The Ordinance requires landlords to maintain and provide a copy of pet policies to tenants. A project's pet policies shall include all mandatorily required policies and may also include discretionary guidelines designated by the owner or operator and specific to each project.

3.5 Assurances and Conditions Certification

The authorized signatory(s) for each applicant sponsor must submit a completed and signed Assurances and Conditions Certification form via the UNOFA platform. By doing so, the applicant acknowledges understanding of an agreement with the below provisions that will be required at the time of contract negotiations.

3.6 Affirmative Action

The City's Administrative Code (Division 10, Chapter 1, Article 1, Section 10.8) establishes the

Affirmative Action program for vendors doing business with the City. As a condition of contract award, grantees will be required to comply with the provisions of the City's Affirmative Action program, including submission of the City's Affirmative Action form with an Affirmative Action Plan.

3.7 Insurance

Awardees must provide evidence of minimum insurance coverage requirements.

3.8 Service Contract Worker Retention Ordinance and the Living Wage Ordinance (SCWRO and LWO)

Awardees shall comply with all Los Angeles Administrative Code (LAAC) Sections 10.36 et seq., SCWRO and LWO. A Declaration of Compliance must be approved by the Bureau of Contract Administration, Office of Contract Compliance prior to contract execution.

3.9 Equal Benefits Ordinance (EBO)

Awardees must be certified as compliant. **Certifications:** Applicant(s) shall provide copies of the following documents to the LAHD:

- Certification regarding ineligibility, suspension, and debarment as required by Executive Order 12549.

3.10 Certification and Disclosure Regarding Lobbying

Awardees shall also file a Disclosure Form at the end of each calendar quarter in which there occurs any event requiring disclosure, or which materially affects them with the Los Angeles Administrative Code Section 10.8.2.1, EBO, prior to the execution of any City Agreement. The EBO forms must be approved by the Bureau of Contract Administration, Office of Contract Compliance prior to contract execution.

3.11 Slavery Disclosure Ordinance

Unless otherwise exempt, in accordance with the provisions of the Slavery Disclosure Ordinance, any contract awarded pursuant to this NOFA will be subject to the Section 10.41 - Slavery Disclosure Ordinance of the Los Angeles Administrative Code.

3.12 MBE/WBE/OBE Subcontractor/Supplier Information

The Contractor shall submit the MBE/WBE/OBE Form and comply with the City's Minority Business Enterprise (MBE), Women Business Enterprise (WBE), and Other Business Enterprise (OBE) outreach requirements as required.

3.13 Article XXXIV (Article 34) Letter

Applicants are highly encouraged to contact the LAHD Housing Development Bureau prior to the NOFA application deadline to confirm the availability of Article 34 Authority in the Council District where the project is located. Contact information is provided below.

LAHD
Housing Development Bureau
Attention: Article 34 Unit
Email: lahd-article34@lacity.org

LAHD will issue an Article 34 letter for projects that receive LAHD funding whenever the Department receives a request from its project sponsor for such a letter, preferably prior to the TCAC deadline during the "Readiness" stage. LAHD will issue this letter for the project sponsor to include with the relevant approval forms that are required in a TCAC application funding round.

3.14 Amendment and Modification Fees

LAHD will impose a $2,500 fee to cover costs associated with technical modifications and amendments to any loan documents when they are requested at the behest of the applicant.

3.15 Disallowed Costs

LAHD reserves the right to disallow any costs which it believes to be excessive, avoidable, unwarranted or disallowed pursuant to any and all funding guidelines. Additionally, LAHD will not approve a loan based on costs that are unreasonable or inconsistent with industry standards and/or current LAHD underwriting standards.

3.16 ULA Resale Restriction

Any resale of rental property funded by ULA funds shall be restricted, as required by applicable law, to non-profit entities or Limited-Equity Housing Cooperatives, including but not limited to affordable housing corporations and Community Land Trusts, to ensure the continued use of the dwelling units as affordable housing.

3.17 Relocation Assistance Requirements

Applicants will be required to determine the applicable relocation assistance regulations and requirements that apply to their project, including but not limited to, the Uniform Relocation Assistance Act (URA), the Housing Crisis Act (HCA), the City's Tenant Habitability Program, the City's Rent Stabilization Ordinance (RSO), the City's Just Cause For Eviction Ordinance (JCO), and the City's Resident Protection Ordinance (RPO).

Per LAMC Section 16.60.A.6 and 47.07, if an applicant providing relocation assistance through the RSO, JCO, and/or RPO is found to be in violation of the relocation assistance regulations

and/or requirements, a demolition permit shall not be issued.

3.18 Tenant Anti-Harassment Ordinance

When a beneficial owner, as defined in the LAMC Section 16.60 A, is placed on the LAHD Anti-Harassment Violators Database as a result of violating the Tenant Anti-Harassment Ordinance (TAHO), the Superintendent of Building and Safety shall withhold or revoke the issuance of any demolition permits for five years and the Director of Planning and/or Superintendent of Building and Safety shall withhold the issuance of any approval for five years unless otherwise prohibited by law.

Where the City has denied or revoked a demolition permit or approval to any applicant, the denial or revocation for a five year term for the subject property shall apply to any new owner of the property, unless the new owner is developing a publicly-financed affordable housing project on the same site where more than 50 percent of the units are affordable, except for manager's unit(s).

3.19 Appraisals

With the exception of the Operating Assistance Program, all applicants shall provide an “as-is” appraisal appraisal with a date of valuation that is within 180 days before or after the execution of a purchase contract of the transfer of ownership by all the parties, or within one year of the application date if the latest purchase contract was executed within that year.

“As-is” appraised value means the estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. For projects receiving federal funds, the appraisal must also meet the Uniform Relocation Act definition of an appraisal. At a minimum, appraisals shall follow the CTCAC regulations whether the project seeks to leverage tax credits or not.

Appraisals must be prepared by a California certified general appraiser having no identity of interest with the development’s partner(s) or intended partner or general contractor, and include, at a minimum, the following:

- The highest and best use of the proposed project as residential rental property, considering any on-going recorded rent restrictions;
- For rehabilitation applications, the Sales Comparison Approach and Income Approach valuation methodologies shall be used; for new construction applications, the Sales Comparison Approach shall be used; for adaptive reuse applications, the Cost Approach valuation methodology shall be used for adaptive reuse of office buildings, retail buildings, and similar, and the Sales Comparison and Income Approaches may be used for hotels, motels, and similar;
- The appraiser’s reconciled value, in cases that require multiple methodologies;
- A value for the land of the subject property (“as if vacant”);
- An on-site inspection; and
- A purchase contract verifying the sales price of the subject property

3.20 Maximum Number of Projects Per Developer

In order to (1) expand and maintain developer capacity, (2) maximize product and developer diversity and (3) minimize developer concentration risk, LAHD will cap the number of developments one entity can participate in, at any percent of ownership interest or in any contractual form, at any one time.

The maximum number of developments that one entity or its subsidiary(ies) can be in the LAHD Pipeline at any one time is seven (7), of which a maximum of four (4) can be in pre-construction and a maximum of five (5) can be in construction and/or up to Ready for Occupancy, as defined further below.

This limit applies to developments that are directly funded with funding sources from the LAHD programs, including but not limited to, Measure ULA, LACAHSA, HOME, Prop HHH, AHLF, and SB 2 funds. Developments which do not involve direct LAHD funding, such as tax-exempt bonds, or State funds such as AHSC or Infill, will not count towards the maximum limit.

Participation is defined as the following:

- Any percentage ownership in a current or future limited partnership, LLC or their equivalent, or
- Receipt of more than 10% of the total developer fee in a current or future limited partnership, LLC or their equivalent where the party does not have an ownership interest.

Participation starts at initial application and ends at “Ready-for-Occupancy”. “Ready-for Occupancy” shall be defined as a milestone as evidenced by a Temporary Certificate of Occupancy or similar approval.

With the exception of the Operating Assistance Program and Portfolio Preservation Program, applications not meeting this criterion will be automatically rejected and will not be considered for further review during the current Notice of Funding Availability. Applications can be re-submitted in a future Notice of Funding Availability. In aggregate, the total outstanding loan amount to any one applicant, developer or general partner, may not exceed 5% of its LAHD's loan portfolio balance. In recognition that there may be entities that currently exceed the maximum cap, LAHD will allow an entity to submit for any development that is ready to apply, provided however, that the entity is able to identify and show to LAHD’s satisfaction that the entity will have proceeded to move forward one or more of its projects that are covered under the cap through the projects’ respective development phases, by the time the new development achieves “Readiness” and, if appropriate, is queued to apply to TCAC in its assigned round, so that the entity will still meet the maximum projects cap even with the addition of new project/s to its participation count.

SECTION 4: HUD-FUNDED PROJECTS ONLY

There may not be sufficient Department of Housing and Urban Development (HUD) HOME Investment Partnership Program (HOME) funding available in FY 2026-27 for this funding source to be incorporated into the 2026 Homes for LA NOFA. However, if the funds do include HOME funding, the requirements in this section will apply for the Pooled Sources program. If the Department does not include HUD HOME funding in the Pooled Sources program, then these requirements will **not** apply. The Department will notify the applicant should their project be subject to HOME funding requirements.

4.1 Compliance with HUD

Contingent on availability of HOME funds, all funding for the Pooled Sources Programs will be subject to HUD requirements, in addition to all other applicable federal, state and local laws. Regardless of the leveraged funding source, all Pooled Sources projects within the Homes for LA NOFA will be underwritten in compliance with HUD HOME standards. Therefore, projects must be in conformance with Code of Federal Regulations (CFR) Title 24 Part 92 Subpart F. Specifically, 24 CFR § 92.251 pertaining to property standards, including but not limited to 1) state and local codes, ordinances, and zoning requirements, 2) accessibility, 3) disaster mitigation, 4) written cost estimates, 5) construction progress inspections, and 6) broadband infrastructure, and 24 CFR 92.359 pertaining to requirements under the Violence Against Women Act. All units assisted by HOME Funds must be affordable to households at or below 60% of the Area Median Income (AMI) for the Los Angeles-Long Beach CA HUD Metro FMR Area and/or State HCD AMI.

4.2 Davis-Bacon Wage Requirements

The U.S. Department of Labor (DOL) issues Davis-Bacon Work Determinations reflecting prevailing wages and benefits paid by the construction industry within specific localities. The Work Determinations are further classified by the nature of the construction projects performed, specifically listed as "schedules": residential, building, highway, and heavy construction. For more information, consult the Homes for LA NOFA Regulations Appendix or refer to the DOL webpage on Federal Davis-Bacon Wage Determinations at https://www.sam.gov/wage-determinations

Residential Construction: Includes the construction, repair or alteration of single-family houses, or apartment buildings of no more than four stories in height. This includes all incidental items such as site work, parking areas, utilities, streets, and sidewalks.

Projects utilizing LAHD funds will be subject to the payment of wages to all workers at a rate not less than the minimum prevailing wage rate specified by the Secretary of Labor, in periodic wage determinations (Davis-Bacon Wages), in conformity with either HOME, CDBG, NSP or other applicable federal funding regulations.

4.3 Environmental Review

The National Environmental Policy Act (NEPA) was established in 1969 to give environmental values appropriate consideration in decision-making with regard to federally-funded projects. Because some projects funded under these Homes for LA NOFA Regulations assume federal funds, the environmental review process and clearance must meet NEPA standards. Therefore, all applicants utilizing HOME funds, as well as any other applicants planning to leverage federal funds in their project capital stack shall be required to obtain a NEPA environmental clearance before undertaking or committing any funds to physical or choice-limiting actions, including further property acquisition, demolition, movement, rehabilitation, repair or construction. Violation of this provision may result in the denial of funds.

An option agreement on a proposed site or property is allowable prior to completion of the environmental review, on the condition that: 1) the option agreement is subject to a determination by the LAHD on the desirability of the property for the project as a result of the completion of the environmental review in accordance with 24 CFR Part 58 and, 2) the cost of the option is a nominal portion of the purchase price.

In addition, projects must meet any applicable requirements of the California Environmental Quality Act (CEQA) and obtain CEQA clearance through the City of Los Angeles' Department of City Planning (Exhibit 02). NEPA and CEQA environmental laws differ in their requirements; project approval under CEQA does not constitute NEPA project approval, and vice-versa.

The provision of any funds to the project is conditioned on LAHD's determination to proceed with, modify, or cancel the project based on results of the NEPA environmental review. An initial letter stating that funds will be awarded to the project does not constitute a commitment of funds or site approval until satisfactory completion of a NEPA environmental review with a letter of clearance and receipt by the City of Los Angeles of an Authority to Use Grant Funds from HUD under 24 CFR Part 58.

All rehabilitation projects and new construction projects utilizing federal funds that involve demolition of existing structures shall comply with Section 106 of the National Historic Preservation Act.

4.4 Section 3 (Local Hiring); Minority Business Enterprises/Women Business Enterprises (MBE/WBE) Requirements

Applicants utilizing federal funds must certify that the general contractor, subcontractors and/or service providers will comply with HUD Section 3 requirements per 24 CFR part 75 to provide opportunities for employment to lower-income neighborhood residents in the City of Los Angeles. Further, to the greatest extent feasible, contracts in connection with these projects are to be awarded to local businesses. In addition, contractors, subcontractors and/or service providers will be expected to adhere to the City's Affirmative Action Requirements.

4.5 General Information Notices

Uniform Relocation Assistance (URA) Regulations require that persons living in housing where

federal funds will be utilized for acquisition, rehabilitation and/or redevelopment of the project, be notified that they may or may not be displaced as a result of the proposed project. HUD requires that tenants be provided with a General Information Notice (GIN) (available here on the HUD website) as soon as feasible. For the purposes of these Home for LA NOFA Regulations, the term "as soon as feasible" is defined as the date that a project sponsor receives an award of funds from the Homes for LA Notice of Funding Availability.

It is therefore required that copies of the GINs that are sent to each of the tenants residing at the project site, along with proof/s (i.e., copies of notices with tenant's signature or certified/registered mail receipts with postmarked U.S. Postal form PS 3811) that the notices were received by the intended recipients, be submitted to LAHD upon announcement of the Homes for LA funding award. In addition, the GIN must state that local, State, and/or Federal regulations regarding relocation or displacement payments may apply.

The exception to this requirement is if the developer can provide evidence of good cause as to why it was infeasible to issue GINs and provide proof of service at the time of NOFA funding release to awarded projects.. In this instance, the developer must submit, along with the tenant rent roll, a written statement detailing why it was not feasible to serve the GINs.

However, in all cases, GINs must be served within 30 days of receipt of a loan commitment and evidence of such notices must be received by LAHD within 30 days of service to the tenant(s). If the project fails to secure a funding commitment, either through the Homes for LA NOFA or the chosen leveraging source(s), all GINs must be rescinded.

SECTION 5: THRESHOLD REQUIREMENTS, DOCUMENTS, AND DEFINITIONS

For applications to be considered complete, all applicable items listed in the threshold requirement checklist must be submitted. This section provides universal definitions for threshold requirements that occur across the Homes for LA NOFA's various funding programs, first presenting the information in the form of a checklist, followed by a more detailed explanation of the required standard for each item. **The term sheets have threshold requirements that are specific to each funding program. The term sheets refer back to the definitions in this section.**

Determination of completeness and compliance with thresholds and scoring of the application shall be based entirely on the application and all documents submitted therein as of the filing deadline. No additional documents shall be accepted subsequent to the application filing date, except as specifically initiated and requested by LAHD.

LAHD underwriting staff will eliminate applications from consideration if they fail to meet LAHD's developer capacity requirements, if they fail to receive at least eight (8) points in Sponsor Underwriting, OR if they fail to meet cash flow and debt service coverage requirements in Project Underwriting. Only ULA Operating Assistance and Portfolio Preservation applicants are allowed to pass threshold review without meeting developer capacity requirements or cash flow and debt service coverage requirements.

Threshold Item	Required Documents
1: For all programs - Project demonstrates Financial Feasibility	**Document 1:** Completed UNOFA Project Application, Organizational chart of the proposed ownership and management structure for the project (List of All Entities and Names of Partners), Number of similarly complex publicly-financed affordable housing projects completed between the project Sponsor's five (5) identified principals; and Financial Proforma; With the exception of New Construction programs, applicants must submit a tenant rent roll as of the date of the project's NOFA application for project underwriting. If New Construction programs involve relocation, see Document 11 for tenant rent roll requirements;
2: For all programs - Project sponsor must disclose potential conflicts of interest and legal/financial liabilities	**Document 2:** Sponsor must submit a signed certification disclosing all partnerships, corporations, all properties owned by the applicant, and other entities in which the sponsor is a principal (identities of interest, conflicts of interest and default/foreclosures);
3: For all programs - Project must have Site Control and Clear Title	**Document 3:** Fully Executed Purchase and Sale Agreement (PSA), Development and Disposition Agreement (DDA), etc.; and, Preliminary Title Report; Projects applying for HUD-funded programs must also provide Proof of Voluntary Acquisition;

Threshold Item	Required Documents
4. For all programs - Project sponsor must submit documents for Sponsor Underwriting	**Document 4:** Project sponsor must submit organizational documents of the sponsor including: Project sponsor must submit Audited Financial Statements (AFSs) with lookback period of three (3) years, and a Real Estate Owned (REO) Schedule; See Section 5, Document 4: Submission of Documents for Sponsor Underwriting in the Homes for LA NOFA Regulations for a full list of items to be submitted for Sponsor Underwriting;
5: For all new construction and preservation programs, Project site valuation must be supported by an appraisal or property valuation	**Document 5:** Project sponsor must submit a certified appraisal for new construction projects; For preservation projects, sponsors may submit a property valuation;
6: For all new construction programs, Project sponsor must commission Environmental Site Assessments (ESAs) and remediate hazards	**Document 6:** Project sponsor must submit recent Phase I and/or Phase II ESAs, however, a full Phase I ESA is **not** required for Single Family Housing Rehab but is required for Multi-family Housing Rehab (5 units or more) and non-residential properties per 24 CFR 58.5(i)(2)(ii);
7: For all new construction programs, projects must undergo evaluation of geo-technical engineering of subsurface soils	**Document 7:** Project sponsor must submit a Soils Report;
8: For all projects involving demolition, sponsors must identify lead and asbestos hazards	**Document 8:** For projects built prior to 1978, projects involving demolition, a lead and asbestos hazards assessment is required. If the building was built before 1978 and the intent is to completely demolish the building, the applicant may submit a letter in lieu of a lead test and/or asbestos report;
9: For all new construction and preservation programs, projects must comply with LAHD architectural standards;	**Document 9:** Project sponsor must submit architectural plans and an electronic copy of the Architect's License. Applications opting for the Enhanced Accessibility Program points must include compliant features as part of the submission. Project Sponsors must submit architectural plans that comply with all the requirements outlined for the type of project proposed:

Threshold Item	Required Documents
	- New Construction Requirements - Rehabilitation/Preservation Requirements Rehabilitation and/or Preservation projects must also include the following completed documents: - Alteration vs. New Construction Comparison Excel Worksheet - Detailed Scope of Work
10: For all programs, the project sponsor must provide a self-score for the Homes for LA NOFA funding program for which it is applying	**Document 10:** Project sponsor must provide a Self-Score Form for Competitive Criteria, which must also certify that the applicant has fully read through the Homes for LA NOFA Regulations;
11: For All Programs, sponsor must provide relocation assistance to projects involving displacement of qualified households	**Document 11:** Project sponsor must provide a Relocation Assistance and Construction Phasing Plan, with the exception of the Tenant Habitability Program, if the project involves displacement of qualified households; this relocation plan needs to be done by a City approved 3rd party. Project sponsor providing relocation assistance through the Tenant Habitability Program must submit a Tenant Habitability Plan;
12: For all programs involving demolition of existing units, projects must comply with Housing Crisis Act (HCA), Resident Protection Ordinance (RPO), and United to House LA (ULA) replacement requirements	**Document 12:** Project sponsor must submit a Replacement Unit Determination (RUD);
13: For all programs, project must comply with Accessibility Standards	**Document 13:** Accessibility Compliance Self-Certification Form and optional Enhanced Accessibility Program (EAP) Checklist;
14: For all programs, Sponsor must commit to timely completion of work	**Document 14:** Sponsor must submit a Milestones Commitment Letter;

Threshold Item	Required Documents
15: For all programs, Sponsor must certify compliance with LAHD business policy and general City requirements	**Document 15:** Sponsor must submit an Assurances and Conditions via the UNOFA platform;
16: For projects with new tax credits in the capital stack only, project must demonstrate competitiveness for tax credits	**Document 16:** Projected self-score and tiebreaker for CTCAC application or CDLAC application;
17: For Permanent Supportive Housing (PSH) projects only, sponsor must demonstrate commitment of operating/rental subsidy	**Document 17:** Evidence of committed Project-Based Vouchers (PBVs) and/or other long-term operating subsidy;
18: For ULA Alternative Models Preservation or ULA Acquisition & Rehabilitation projects only, Sponsors must assess deferred maintenance and capital needs	**Document 18:** Sponsor must submit a Capital Needs Assessment (CNA) and a Scope of Work (SOW) for capital improvements;
19: For ULA Acquisition & Rehabilitation projects only, Sponsors must demonstrate that project is expiring covenants	**Document 19:** Sponsor must provide the deed of trust and covenant agreement on the property with expiring covenants or expiring Housing Assistance Payment (HAP) contract;
20: For Operating Assistance and/or Portfolio Preservation projects only, Sponsors must demonstrate a viable Stabilization Plan for use of funds	**Document 20:** Sponsor must submit a detailed Stabilization Plan demonstrating how NOFA funds will support the financial sustainability of the project;
21: For ULA and Pooled Sources capital projects with at least 40 units, construction must comply with a Project Labor Agreement	**Document 21:** For ULA and Pooled Sources-funded projects with 40 or more units, project sponsor must submit Letter of Assent attesting that it will comply with all the terms and conditions of the City of Los Angeles Board of Public Works Master Project Labor Agreement; In Round 2 of the Homes for LA NOFA, this requirement applies to the

Threshold Item	Required Documents
	ULA Multifamily, ULA Alternative Models New Construction, ULA Alternative Models Preservation, ULA Acquisition and Rehabilitation, and Pooled Sources Multifamily;
22: For ULA Alternative Models projects only, Project must address neighborhood level needs	**Document 22:** Project sponsor must submit a Statement of Public Purpose;
23: For ULA Alternative Models and ULA Acquisition & Rehabilitation projects only, Project must address racial disparities	**Document 23:** Project sponsor must provide a Racial Equity Commitment;
24: For ULA Alternative Models and ULA Acquisition & Rehabilitation projects only, Project incorporates tenant governance and development team has tenant governance experience	**Document 24:** Project sponsor must submit a Resident Engagement and Leadership Plan; the sponsor must also show that a member of the development team has experience pertaining to the tenant governance, including through the provision of Community Agreements, meeting minutes from Resident Councils, or through trainings and resident attestations;
25: For ULA Alternative Models projects only, Project sponsor must engage community to identify environmental hazards beyond baseline Environmental Site Assessments (ESA)	**Document 25:** Project sponsor must submit an Enhanced Environmental Health Commitment narrative for any projects located in an area at 80th percentile or above in the CalEnviroScreen 4.0.

Document 1: UNOFA Project Application and Financial Proforma

Applicants must upload a completed financial proforma using the UNOFA proforma workbook template that is available for download in the UNOFA website or the Homes For LA NOFA landing page. This applies to all programs i.e., new construction, preservation, and operating assistance.

Document 2: Conflicts of Interest and Liabilities Disclosure Form

The applicant/developer shall provide a list of all partnerships, corporations, joint ventures, and/or limited partnership entities (including the applicant, if applicable), which the applicant currently is or has been associated with, and designate whether the applicant is/was a principal and list the applicant's title and responsibilities, including the purpose of the organization and its current status. Applicants must complete LAHD's Disclosure Form and submit a signed and certified version as

Document 2, available in the Threshold Documents section of the Homes For LA NOFA landing page.

In addition to identification of related parties, the Disclosure Form will require the sponsor to disclose defaults, foreclosures, bankruptcies, citations, criminal proceedings, civil litigation, and any other potential conflicts of interest or major legal liabilities. The project sponsor must provide explanations for any areas of concern, and LAHD, in its sole discretion, will determine if the explanation is acceptable. The Disclosure Form will also commit the project sponsor to providing an updated disclosure in the event that a new concern arises over the course of LAHD's commitment to the project.

Document 3: Preliminary Title Report and Demonstration of Site Control

Title Report
Regardless of the type of site control documents that will be submitted, all applicants shall submit with the application a copy of a Preliminary Title Report on the property or properties, which is prepared within ninety (90) days from the application deadline.

Site Control
Proof of site control must be submitted at the time of application. Site control must be demonstrated for a minimum of sixty (60) days post application deadline. The evidence of site control may be demonstrated by any of the following documents:

1. Fee title as demonstrated by a current title report;
2. Long-term leasehold interest (minimum term must equal the term of LAHD regulatory agreement);
3. Option to purchase or lease (obtaining financing shall be the sole impediment to exercising the option);
4. Executed land sale contract or other enforceable agreement for acquisition of the property;
5. An executed Disposition and Development Agreement (DDA) with a public agency (e.g., the Community Redevelopment Agency);
6. For L.A. City-owned sites and other public agency-owned sites (except for the Los Angeles County Metropolitan Transportation Agency or "Metro"), LAHD shall accept:
    a. Fully-executed DDA; or
    b. An Option to Lease or an alternative document that meets CTCAC's site control requirement; or
    c. A fully-executed Exclusive Negotiation Agreement (ENA) with deal terms that demonstrate the project will be able to meet the proposed project timeline as shown in the project's application.

d. For sites owned by the Metro, an executed Exclusive Negotiation Agreement is acceptable at application. Prior to consideration for inclusion in LAHD's funding recommendation, a fully executed Disposition and Development Agreement (DDA) with that agency shall be required by LAHD.

Site Control Stipulations
The relative agreement must be:

1. Executed by both parties, including the principal of the developer; and
2. Provide site control for at least 60 days beginning from the deadline for submission of the NOFA application; the 60 days can include all extensions provided in the agreement. In the event that City Council and Mayoral approval takes longer than 60 days, the City will require confirmation of continuing site control prior to taking the project to City Council.

If an original Purchase and Sale Agreement that is submitted with the application has a term that is shorter than 60 days, LAHD will accept this document only if it contains a provision that allows for an extension of the escrow. During the NOFA review period, in order for their application to move to the next phase of the underwriting, project sponsors shall be responsible in notifying LAHD if they:

1. Have secured the extension of the escrow; or
2. Have purchased the property; or
3. Wish to withdraw the application. After notifying LAHD, project sponsors shall submit proof that the escrow has been extended or that the property has been purchased.

LAHD will make available a reasonable amount of information on the status of each application under review at several milestones, including, but not limited to, initial applicant list and release of staff recommendations to City Council, prior to the final approval by City Council and concurrence by the Mayor. However, LAHD cannot commit to providing a formal acceptance into the Homes for LA NOFA in less than 180 days from the deadline for submission of the Notice of Funding Availability application. Applicants must continue to demonstrate sufficient site control at the time of CTCAC application.

Proof of Voluntary Acquisition Letter (federally-funded projects only)
The Proof of Voluntary Acquisition letter clarifies that the property will not be acquired through the power of eminent domain, and that the sponsor does not have the authority to compel such an acquisition.

If the property has already been acquired, a retroactive letter regarding voluntary acquisition is required, regardless of the length of time the developer has been in possession of the property. The developer must provide LAHD with the written notice that was sent to the seller, evidence that the seller received it, and documentation regarding the method used to determine the fair market value. If the developer is unable to provide the letter at the time of the Homes for LA NOFA application, a statement of assurance must be submitted with the application, stating that all attempts will be made to meet the requirement prior to the issuance of an LAHD funding commitment.

Document 4: Submission of Documents for Sponsor Underwriting

All applicants will be evaluated per LAHD sponsor underwriting requirements which focus on financial health, applicant experience and liquidity of the organization. All sponsors across all programs must submit the following documents at the time of application:

1. Audited Financial Statements (AFSs) with lookback period of three (3) years;
2. A list of all development team members which must include a State-Certified Access Specialist Program consultant (CASp) and consultant's CASp license or certification number for any programs involving capital improvements. For more information on CASp, see Section 7.4.1 of the Homes for LA NOFA;
3. Articles of Incorporation of the Sponsor;
    a. If the Sponsor is a non-profit, a IRS 501(c)(3) determination letter must also be submitted.
    b. Non-profit means a non-profit corporation within Section 501(c)(3) of the Internal Revenue Code.
        i. In order for a Limited Partnership (LP) to qualify as a non-profit, the non-profit must serve as Sponsor and the Managing General Partner.
        ii. In order for Limited Liability Company (LLC) to qualify as a non-profit, the non-profit must serve as Sponsor and the Sole Member or Managing Member of the LLC.
4. Sponsor's California Franchise Tax Board (FTB) Form 100;
5. An organizational chart of the proposed ownership and management structure for the project;
6. Resumes for all of the Sponsor's principals;
7. LAHD Credit Check Authorization Form;
8. Real Estate Owned (REO) Schedule;
9. List of Board of Directors dated and executed within 90 days prior to the application;
10. Applicant's/Borrower's Certification Statement; and
11. Board resolution or evidence of consent from majority partnership interest executed within 90 days prior to the application deadline.

For the purposes of the Notice of Funding Availability application submission, the Board Resolution shall be executed within 90 days prior to the application deadline, and shall indicate the date of execution. The Board Resolution, at a minimum, shall contain the following language:

- Authorization to participate in the LAHD Homes for LA NOFA;
- Authorization to enter into and execute any and all contractual obligations, including but not

limited to the City of Los Angeles Land Use Regulatory Agreement, Loan Agreement, and other documentation, as may be required by the City of Los Angeles;

- Names and offices of the authorized signatories who may act on behalf of the corporation, based on the required categories below.

In addition, at the time of Project Readiness (sixty days prior to CTCAC deadline), and the Project Loan Closing, an updated Board Resolution will be required to include a loan amount.

For Community Land Trusts (CLT) Only:

- The ULA Measure and Ordinance provides the following definition:

"Community Land Trust" means a non-profit corporation within Section 501(c)(3) of the Internal Revenue Code that satisfies all of the following: (I) Has as its primary purposes the creation and maintenance of permanently affordable single-family or multifamily residences; (II) All dwellings and units located on the land owned by the non- profit corporation are sold to a qualified owner to be occupied as the qualified owner's primary residence or rented to Lower Income Households or Moderate Income Households, or held by the non-profit corporation for the same purpose; (III) When a dwelling or unit that is situated on land owned by the non-profit corporation is sold to a qualified owner, the land is leased by the non-profit corporation to the income-qualified owner for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years.

- In order to verify that an organization is a verifiable CLT as per the ULA Measure, the applicant must additionally submit the following document:
    - CLT bylaws or articles;
    - Identification of sites with ground lease agreements on the Real Estate Owned (REO) Schedule;
    - Ground lease agreements for applicable sites;

Document 5: Appraisals

With the exception of the Operating Assistance Program, all applicants shall provide an "as-is" appraisal appraisal with a date of valuation that is within 180 days before or after the execution of a purchase contract of the transfer of ownership by all the parties, or within one year of the application date if the latest purchase contract was executed within that year.

"As-is" appraised value means the estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. For projects receiving federal funds, the appraisal must also meet the Uniform Relocation Act definition of an appraisal. At a minimum, appraisals shall follow the CTCAC regulations whether the project seeks to leverage tax credits or not.

Appraisals must be prepared by a California certified general appraiser having no identity of interest with the development's partner(s) or intended partner or general contractor. See Section

3.19 for additional information.

Document 6: Phase I Environmental Site Assessment or Phase I with Required Phase II

Environmental Site Assessments (ESAs) are required for all projects involving major construction and/or rehabilitation, at least two cost estimates from contractors proposing to do ESAs are required.

Phase I Environmental Assessments must follow the standards outlined in American Standards of Testing and Materials (ASTM) E 1527-13 and ASTM E 1527-21, to determine the potential presence of onsite and neighboring property contamination (including but not limited to lead-based paint, asbestos, methane, and radon). The Environmental Assessment must have been completed within the 24 months prior to the date of the application deadline. If a project's Phase I Environmental Assessment indicates the need for further assessment, the sponsor must submit a Phase II report or a commitment to undertake the Phase II assessment. The applicant must include a cost estimate for any required remediation.

The Environmental Assessment must indicate if the site falls within an area of the City that requires special investigations or analysis on LIQUEFACTION, EARTHQUAKE-INDUCED LANDSLIDE, AND FAULT-RUPTURE HAZARD. Those areas are as follows:

1. State Mapped Zones requiring Liquefaction and Landslide investigation/ mitigation per the Seismic Hazard Mapping Act, State of California Public Resources Code, Section 2690 et seq;
2. Alquist-Priolo Earthquake Fault Zones per the State of California Public Resources Code, Section 2620 et seq, and City of Los Angeles PFRSA. All of the zones or areas listed above may be viewed at the following website: http://navigatela.lacity.org/navigatela/

If the Phase I and/or Phase II reports were completed, but the completion date is more than 24 months prior to the application date, an updated Phase I and/or Phase II report, or a technical memorandum from an independent consultant is required confirming that the findings and conditions as indicated in the report are still the same. The original reports including the memorandum are required at the application submission.

Document 7: Soils Report

All new construction projects must submit a Soils Report completed within the past 24 months of the NOFA application deadline, for the purposes of evaluating the geo-technical engineering characteristics of the on-site subsurface soils relative to the anticipated development.

The report shall include the items below:

1. Description of the field exploration and laboratory tests performed;
2. Evaluation of soil liquefaction potential;
3. Conclusions and recommendations relating to construction of the proposed residential development, based upon the analyses of data from exploration and testing programs;
4. Knowledge of the general and site-specific characteristics of the subsurface soils;

5. The liquefaction potential analysis shall be based on the maximum historic groundwater level in accordance with CGS Special Publication 117, the SCEC Recommended Procedures, and LAMC 91.1804.5. Seismically induced total and differential settlements and lateral spreading shall be evaluated and reported; and

6. Reports for sites occupied by structures must include subsurface investigations that are conducted in compliance with, and subject to, City of Los Angeles Department of Building and Safety standards.

If a Soils Report was completed but the completion date is more than 24 months prior to the application date, an updated Soils Report, or a technical conformance memorandum from an independent consultant is required to confirm that the findings and conditions as indicated in the report are still the same. The original report including the memorandum are required at the time of application submission.

Document 8: Lead/Asbestos

All rehabilitation projects and new construction projects that involve demolition of existing structures in advance of the rehabilitation or new construction, must submit an asbestos assessment and lead-based paint report completed within six (6) months of receiving a commitment OR before loan closing, whichever occurs first.

For new construction projects where there is complete demolition of all existing structures, the applicant may submit a letter in lieu of a lead test and/or asbestos assessment report indicating that the presence of lead and/or asbestos is/are assumed and the appropriate federal, state, and local lead and/or asbestos hazard abatement protocols will be followed.

For occupied sites, assessment must include minimally invasive sampling of readily accessible surfaces. Testing for asbestos shall be subject to AQMD standards. As it relates to lead-based paint, testing and compliance shall be consistent with those standards outlined in HUD's "Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing" (July 2012), including Chapter 7, Lead-Based Paint Inspection, which are the industry standard.

If the assessment determines that lead and/or asbestos is present, except for new construction with complete demolition of the existing structure demolition as indicated above, a lead and/or asbestos abatement plan and relocation plan must be submitted. The applicant must include a cost estimate for any required abatement.

Document 9: Architectural Plans

For all projects involving new construction and/or rehabilitation/preservation, the NOFA application must include an electronic copy of Architectural Plans and an electronic copy of the Architect's License. For Rehabilitation and Preservation Projects only, preliminary architectural plans will be sufficient to satisfy this requirement if a detailed CASp Report is also submitted. This CASp report must address the existing site conditions and must identify the barriers to accessibility.

Architectural plans must meet the most recent TCAC standards for living space dimensions and unit sizes. For additional information regarding Architectural Design Review and submittal requirements, including standards for finishings, HVAC systems, and appliances, please refer to Exhibit 01.

The Architectural Plans must include a unit matrix demonstrating the requirements below will be met:

- For New Construction and Adaptive Reuse Projects: fifteen percent (15%) of the total number of units in each development shall be accessible to persons with mobility impairments and ten percent (10%) of the total number of units in each development shall be accessible to persons with communication (hearing/vision) impairments.

- For Rehabilitation Projects: Eleven percent (11%) of the total number of units in each development shall be accessible to persons with mobility impairments and four percent (4%) of the total number of units in each development shall be accessible to persons with communication (hearing/vision) impairments.

The calculations shall be based on the total number of units in the project, including the manager's unit. For all percentage threshold requirements discussed in this section, unit set-aside calculations that result in unit counts with decimal places must be rounded up to the nearest whole number. Required accessible dwelling units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout projects and sites, and shall be available in a sufficient range of sizes and amenities so that a qualified individual's choice of living arrangements is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

As such, the required unit matrix in the architectural plans must identify which units will be designated as accessible to persons with mobility impairments and which units will be designated as accessible to persons with communication (hearing/vision) impairments. The Project Sponsor shall identify each Mobility Unit and Communication (Hearing/Vision) Unit that is proposed to satisfy the accessibility requirements of the Amended Corrected Settlement Agreement (ACSA) and the Voluntary Compliance Agreement (VCA). For each designated accessible unit, the Unit Matrix shall identify:

- Unit Number
- Floor Plan Type
- Bedroom Count
- Unit Designation (Mobility Unit, Communication Unit, Adaptable/FHA Covered Unit, and/or Manager's Unit, as applicable)
- Whether the unit is designated to satisfy the accessibility requirements of the ACSA and/or the VCA
- The Area Median Income (AMI) level assigned to the unit

The designated units of either type may be subject to change after feedback from LAHD staff in various units. An example of a unit matrix can be found on page 7 of the Accessibility Self-Certification Form (Document 13a).

For ULA-funded New Construction projects, architectural plans must show that the project provides at least 40 units.

For all Homes for LA NOFA projects for which the Project Sponsors elect to earn more points through the Enhance Accessibility Program (EAP), project development teams are required to familiarize themselves with EAP standards and indicate in the architectural plans, how and which standards the project will follow.

Document 10: Competitive Criteria Self-Score Form and Minimum Competitive Score

A completed Self-Score Form for Competitive Criteria – Points System, is required at Homes for LA NOFA application deadline. The Self-Score Form will also require the applicant to certify that they have read the Homes for LA NOFA Regulations in its entirety.

The Homes for LA NOFA scoring methodology calculates some points on a relative basis, meaning that some scores can only be estimated until all applications are evaluated by LAHD staff. Project sponsors are encouraged to estimate to the best of their ability if the available information is not sufficient to arrive at a precise point score in every criterion.

Document 11: Relocation Assistance and Construction Phasing Plan/Tenant Habitability Plan

The Relocation Assistance and Construction Phasing Plan must be valid and prepared within six months of the application deadline. Applicants shall submit a plan that at a minimum addresses the following:

1. Project Location and Description
2. Relocation Needs Assessment, including whether the relocation is temporary or permanent
3. Relocation Housing Resources
4. Relocation Program, including but not limited to:
    - Program Objectives, Standards, and Assurances
    - Relocation Advisory Assistance
    - Relocation Financial Assistance
    - Relocation Assistance per LAHD RSO, JCO, and RPO
    - Relocation Tax Consequences
    - Eviction Policy
    - Construction Phasing and Project Timing
5. Resume/Qualifications of the Relocation Consultant;
6. A completed Relocation Tenant Rent Roll as of the date of the project's NOFA application;

and

7. Proof of lease and/or payments(including cancelled checks and/or signed lease).

The Tenant Habitability Plan must be valid and prepared within six months of the application deadline. Applicants shall submit a plan that at a minimum addresses the following:

1. Identification of the landlord, the general contractor responsible for the renovation work, and any specialized contractor responsible for hazardous material abatement, including but not limited to lead-based paint and asbestos.
2. Identification of all potentially affected tenants including the current rent each tenant pays and the date of each tenant's last rent increase. In accordance with California Civil Code Sec. 1798 et seq., information regarding tenants shall be considered confidential.
3. Description of the overall work to be undertaken on all affected units and common areas, the specific work to be undertaken on each affected unit, an estimate of the total project cost and time, and an estimate of the cost and time of renovation for each affected unit.
4. Identification of the impact of the renovation work and related work on the habitability of affected rental units, including a discussion of impact severity and duration with regard to noise, utility interruption, exposure to hazardous materials, interruption of fire safety systems, inaccessibility of all or portions of each affected rental unit, and disruption of other tenant services.
5. Identification of the mitigation measures that will be adopted to ensure that tenants are not required to occupy an untenantable dwelling, as defined in California Civil Code Section 1941.1, outside of the hours of 8:00 am through 5:00 pm, Monday through Friday, and are not exposed at any time to toxic or hazardous materials including, but not limited to, lead-based paint and asbestos. Such measures may include the adoption of work procedures that allow a tenant to remain on-site and/or the temporary relocation of tenants.
6. Identification of the impact of the renovation work and related work on the personal property of affected tenants, including work areas which must be cleared of furnishings and other tenant property, and the exposure of tenant property to theft or damage from hazards related to work or storage.
7. Identification of the mitigation measures that will be adopted to secure and protect tenant property from reasonably foreseeable damage or loss.

Document 12: Replacement Unit Determination (RUD)

Projects may be subject to affordable replacement requirements per the Housing Crisis Act of 2019, the Resident Protections Ordinance (LAMC 16.60), or specific plan replacement requirements, which may require like-for-like (i.e. same bedroom and bathroom) replacement of existing units. All development projects that seek to demolish/remove dwelling units or have demolished/removed dwelling units within the last 5 years, with some exceptions for industrial projects or projects that

qualify to use the No Net Loss Declaration, must submit a Replacement Unit Determination (RUD). Any affordable replacement unit(s) required per the RUD shall be replaced at an affordable rent per California Health and Safety Code (HSC) Section 50053 or at an affordable housing cost per HSC Section 50052.5.

Document 13: Accessibility Compliance Self-Certification Form (13a) and EAP Checklist (13b)

All applicants/developers shall complete and submit a signed Accessibility Compliance Self-Certification Form (Document 13a) with the Homes for LA NOFA Application, certifying that the project shall be designed, constructed, and thereafter maintained in compliance with all applicable federal, State, and local accessibility standards. The Accessibility Compliance Self-Certification Form certifies that, of the total number of units in each project, the following requirements will be met:

- For New Construction and Adaptive Reuse Projects: fifteen percent (15%) of the total number of units in each development shall be accessible to persons with mobility impairments and ten percent (10%) of the total number of units in each development shall be accessible to persons with communication (hearing/vision) impairments.

- For Rehabilitation Projects: Eleven percent (11%) of the total number of units in each development shall be accessible to persons with mobility impairments and four percent (4%) of the total number of units in each development shall be accessible to persons with communication (hearing/vision) impairments.

The Accessibility Compliance Self-Certification Form also certifies that required accessible dwelling units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout projects and sites, and shall be available in a sufficient range of sizes and amenities so that a qualified individual's choice of living arrangements is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

If additional funding sources are braided into an LAHD-funded project and apply more restrictive standards for accessibility, the more restrictive standards will prevail.

Please note that the EAP Checklist (Document 13B) is only required for applicants electing to participate in the program to earn additional points.

Document 14: Milestones Commitment Letter

Timely production of affordable housing is a core objective of the 2026 Homes for LA NOFA, and project sponsors are required to provide a Milestones Commitment Letter as part of threshold review. The Milestones Commitment Letter must outline, as applicable, key pre-development and construction activities and timelines for completion thereof, including expected completion of capital stack, submission of building permits and start of construction. LAHD reserves the right to rescind funding commitments to projects that are awarded, but subsequently fail to reach milestones.

Document 15: Assurances and Conditions Form

The Assurances and Conditions Form commits the project sponsor to complying with LAHD business policy and general city requirements such as the Equal Benefits Ordinance, affirmative action policies, insurance requirements, and living wage ordinance.

Document 16: CTCAC or CDLAC Scoring Certification (Only for Tax Credit Deals)

The applicant must submit an executed Applicant's/Borrower's Self-Score Certification Statement indicating that the affordable housing development can achieve the maximum points to be competitive, based on the scoring system of the most recently adopted CTCAC/CDLAC Regulations.

For 9% LIHTC projects, the applicant must self-certify that the affordable housing development can score the maximum points in the most recently released CTCAC application in effect at the time of the Homes for LA NOFA application deadline. This includes, but is not limited to, the "Readiness" section of the CTCAC application. For 4% LIHTC projects, the applicant must self-certify that the project can score 119 or 120 points in the most recently released CDLAC regulations in effect at the time of the Homes for LA NOFA application deadline.

Any application proposing a 9% LIHTC financing structure that will compete for a tax credit allocation under the CTCAC's Non-profit Set-Aside, Special Needs Set-Aside, or "At-Risk" Set-Aside, shall use an amount of LAHD subsidy, in combination with other leveraging sources, that is necessary to achieve a tie-break score that is higher than the lowest winning final tie-break score of the respective Set-Aside from the last CTCAC funding round relative to the Homes for LA NOFA application deadline.

Any application proposing a 4% LIHTC financing structure that will compete for a tax-exempt bond allocation under CDLAC's Rural Projects Set-Aside, Preservation Projects Set-Aside, Other Rehabilitation Projects Set-Aside, BIPOC Set-Aside, Homeless Set-Aside, ELI/VLI Set-Aside, or Mixed-Income Set-Aside shall demonstrate a tie-break score sufficient to attain an allocation in the last CDLAC funding round prior to the Homes for LA NOFA application deadline.

Document 17: Evidence of Project-Based Vouchers (PBVs) and Intensive Case Management Services (ICMS)

For Permanent Supportive Housing (PSH) projects, sponsors must demonstrate the commitment of Project-Based Vouchers (PBVs) and/or other operating/rental subsidies. A commitment or award letter from the agency or organization providing the vouchers/subsidy must be submitted as part of the application. Likewise, the sponsor must demonstrate a commitment of ICMS in combination with PBVs in order to be considered for an award of funds. These services must be proven by a letter of commitment from the awarding County agency (e.g. the Department of Mental Health).

Document 18: Capital Needs Assessment and Scope of Work

For Preservation projects, sponsors are required to submit a Capital Needs Assessment (CNA) identifying all current and anticipated capital and/or maintenance needs within the next five (5) years, and a proposed Scope of Work (SOW) including a budget with a 10% contingency that details all maintenance, repairs, rehabilitation, and capital improvements seeking funds. If a Capital Improvement Plan is part of the SOW, that must be included in the application.

Document 19: Proof of Expiring Covenants

For the ULA Acquisition and Rehabilitation projects, sponsors must provide a copy of the property's affordability covenant or Housing Assistance Payment (HAP) contract, which must show affordability expiry of no less than ten (10) years from the date of project onset.

Document 20: Stabilization Plan

For Portfolio Preservation projects, applicants must submit a Stabilization Plan that identifies stabilization challenges, including technical compliance risks, revenue shortfalls, deferred maintenance, and escalating and/or unmanageable expenses impacting the portfolio. If the Portfolio Preservation projects involve a change of ownership, applicants must detail their process and timeline for completing the change of ownership within a timely manner.

Applicants must also identify stabilization strategies to resolve these challenges, including but not limited to:

1. Curing technical compliance risks;
2. Addressing deferred maintenance;
3. Implementing capital improvements;
4. Identifying long-term financial restructuring and/or refinancing opportunities; and
5. Identifying opportunities to increase revenue.

As part of the Stabilization Plan, applicants must demonstrate fifteen (15) years of positive cashflow upon completion of portfolio preservation strategies.

For Operating Assistance projects, applicants must submit a Stabilization Plan that details stabilization efforts and progress to date. While applicants for the Operating Assistance Program are not required to demonstrate resolution of operating gaps when assistance terminates, applicants must identify systemic cost drivers or economic shocks beyond their control. Project sponsors must also identify the changes in rent levels or other operating revenue and expenses, as well as changes in funding program requirements that would be needed to make projects feasible even if the economic shock, such as higher insurance or utility costs, does not change.

Document 21: Project Labor Agreement

For ULA-funded and LACAHSA-funded projects with 40 units or more, the project sponsor must submit a Letter of Assent attesting that it will comply with all the terms and conditions of the City of Los Angeles Board of Public Works Master Project Labor Agreement (PLA), or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council. In Round 2 of the Homes for LA NOFA, the Pooled Sources Program utilizes LACAHSA funds.

For more information about Measure ULA's PLA, please refer to Los Angeles Administrative Code Section 22.618.7.

All requirements of the City of Los Angeles Board of Public Works Master Project Labor Agreement (PLA) are in addition to State and Federal Prevailing Wage requirements as stated in Section 8 of this document.

Document 22: Statement of Public Purpose

To satisfy this threshold item, project sponsors must submit a brief narrative statement that considers the ULA Citizen's Oversight Committee's Housing Needs Assessment and other available neighborhood-specific information on a community's housing challenges. The Statement of Public Purpose shall identify the household income targeting, housing typologies that best fit community needs, and cultural/linguistic competencies necessary for project owners to support residents who will be integrating into a high resource neighborhood, or those who seek stable housing in a neighborhood with high displacement risk.

The Statement of Public Purpose should address, but not be limited to, the following:

1. Alignment with ULA Purpose and Goals: Describe how a proposed project would benefit the community in which it is located, meet the public needs identified in the COC's Housing Needs Assessment through the project's community outreach and final design, and advance the goals of the ULA measure and ordinance as defined in the Measure's Section 22.618.1: Purpose;

2. Community Outreach and Engagement: Describe community engagement to date, including, but not limited to, any partnership(s) with community organization(s) that are led by and/or represent populations anticipated to be served by the project, and identification of languages that will be used in future outreach/engagement;

3. Tenant Governance and/or Ownership: Explain proposed tenure option(s) based on input from community partners(s) and/or community members, as well as financial analysis of feasibility;

4. Affordability Levels: Explain proposed affordability levels based on input from community partner(s) and/or community members, as well as available data that evaluates affordability needs at the neighborhood level; and

5. Unit Size: Explain proposed unit sizes based on input from community partner(s) and/or community members, as well as available data that evaluates unit size needs at the neighborhood level.

Document 23: Racial Equity Commitment

To satisfy this threshold item, project sponsors must demonstrate a commitment to racial equity and reducing racial disparities in housing outcomes, as evidenced by:

1. A profile describing the organization's mission, length of existence, staff experience, characteristics of its Board of Directors, and its commitment to affordable housing and advancing racial equity;

2. A narrative analysis of racial disparities in housing outcomes in the organization's geographic coverage area, e.g., income by race, housing cost burden by race, history of displacement of residents of color; and

3. A description of actions the organization is already taking or will take to reduce racial disparities in housing outcomes (e.g., tracking the race and ethnicity of residents served by the organization, engaging with residents to inform the organization's work, marketing projects to different racial and ethnic groups, and using a tenant or homebuyer selection process that

does not advantage certain groups and actively mitigates potential inadvertent racial bias).

Document 24: Tenant Governance and Ownership Requirements

For ULA Alternative Models and ULA Acquisition and Rehabilitation program projects, residents shall have a right to participate directly and meaningfully in decision-making concerning the operation and management of projects. Project sponsors must submit a Resident Engagement and Leadership Plan, as well as demonstrate the development team's experience with tenant governance. Please note that non-CLTs can pursue tenant governance and ownership structures.

Resident Engagement and Leadership Requirements

Satisfying this threshold item involves submitting a Resident Engagement and Leadership Plan that includes the following:

1. Meetings to create Community Agreements;
2. Monthly gatherings between property management and residents to support community cohesion and raise issues related to the building;
3. Quarterly meetings between residents and property management to review operations, management, and adjust Community Agreements;
4. Semi-annual meetings between residents and property management to review budgets, financials, and actuals to determine budget priorities;
5. Formation of a Resident Council. In a rental property, the Resident Council must be convened within twelve (12) months after the building is initially leased up and must meet regularly. In an ownership property, the Resident Council, whether organized as a homeowners association, cooperative board, or LEHC, or other similar representative or elected governance body required by state law based on the legal structure of the property, must be convened within the timeframe mandated by law or six (6) months, whichever is less, and must meet as frequently as is mandated by law, but no less than quarterly, to maintain oversight over property management, finances, and community cohesion;
6. Resident training, which provides continuous opportunities for residents to learn about all aspects of managing a residential or mixed-use building, as applicable. Resident trainings can be provided by capacity-building networks, including any resident governance capacity-building collaborative established by the City;
7. If the property is planned for future conversion from rental to ownership, then financial and design plans for ownership should engage current residents and/or resident representatives such as those on any Resident Council, and such plans should be structured to maximize the retention of current residents and their conversion from tenants to owners; and
8. If the property consists of condominiums, is an LEHC, or includes another form of ownership, a timeline and process for the establishment and convening of the governing body, as well as the development of policies regarding homebuyer education and access to lending opportunities and down payment assistance, marketing and sales policies that meet Affirmatively Furthering Fair Housing (AFFH) standards, and any applicable Right of Return or Right of First Refusal

policies, and establishment of a Resale Formula.

Tenant Governance Sponsor Experience Requirements

Satisfying this threshold item also involves submitting documentation that the development team, which may include any partners working with the development team, has experience owning and/or operating residential properties under tenant governance, or, has non-profit partner(s) with experience with the same. Experience with tenant governance is demonstrated by submitting the following:

1. Community Agreements that have been created and adopted by residents in at least one property, as well as two or more of the following:
    a. Resident Council meeting minutes from at least one property; and/or
    b. Resident Council bylaws adopted by the residents of at least one property; and/or
    c. CLT ground lease and the bylaws of resident-owned or resident-controlled housing that is the lessee of CLT land, such that, when viewed jointly, the documents demonstrate ongoing relationship between the project sponsor and residents; and/or
    d. Attestation from residents verifying that the project sponsor has supported a resident-governed property by engaging residents in a collective or representative decision-making process regarding their own rental or ownership housing; and/or
    e. Demonstrated expertise facilitating community meetings attended by participants with linguistic, cultural, household income and/or other demographic characteristics similar to the anticipated resident population; and/or
    f. Evidence that current staff have received capacity-building training specific to tenant governance or resident ownership, including, but not limited to, training provided by the ULA-funded Capacity-Building Program.

Developers that do not have capacity themselves to support tenant governance could partner with a locally-based Non-profit organization that has a demonstrated history of managing residential properties under tenant governance models.

Partnerships may take the form of General Partnerships, Limited Partnerships, Limited Liability Companies, or other Special-Purpose Entities (SPEs) where the experienced non-profit has an ownership stake in the SPE, or fee-for-service contractual agreements with a non-profit demonstrating experience in tenant governance. Partnership documents must provide an outline of roles and responsibilities between developer and partner organization(s).

Document 25: Enhanced Environmental Health Commitment

The Enhanced Environmental Health Commitment is only applicable to the ULA Alternative Models programs. To satisfy this threshold item, project sponsors must submit an additional narrative for any projects located within areas with a CalEnviroScreen 4.0 Overall Score in the 80th percentile or higher (or any equivalent score in any successor version of this screening tool). The additional attachment must provide a narrative that meets the following requirements:

1. Community Engagement Requirement: In addition to the site's Phase I Environmental Site Assessment (ESA), the project sponsor will be required to conduct community engagement activities that include a focus on lower-income neighborhood residents who represent similar income categories as are intended to be served by the project, prospective residents, and/or others with lived experience with housing unaffordability and insecurity. Such activities will solicit input in order to complement the Phase I ESA findings by identifying any potential public health concerns related to conditions on the project site or neighboring sites, including soil conditions, construction materials used in existing or previous improvements, or historic land uses, including conditions who are not officially documented in public agency lists such as the California Department of Toxic Substances Control's (DTSC) Cortese List or otherwise known hazards. The Community Engagement Requirement does not need to be completed at the time of the application submission, but a narrative must be attached to the application describing how the sponsor will incorporate community engagement;

2. Analysis Requirement: Based on the results of community engagement and Phase I ESA findings, the sponsor will commit to identifying any further need for site-level analysis to be conducted by qualified professional consultants; and

3. Project Design Requirement: As applicable, based on the results of professional analysis and identification of any site-specific conditions which may be linked to public health concerns, the sponsor will commit in writing to designing the project in such a way that will address the anticipated concerns, and to implementing such design features if the project is awarded ULA funding.

SECTION 6: APPLICATION PROCESS

6.1 General Rules

In general, only one application per project, containing one financing structure will be accepted by LAHD. In other words, a new construction project must select a single new construction program to which it will apply, and a sponsor may not re-use that same project to apply to another new construction program within the Homes for LA NOFA solicitation. Additionally, multiple applications for the same project under the same term sheet is not allowed (e.g. an application using a 9% LIHTC structure that is submitted to the same funding program with a separate application using a Tax Exempt Bond/4% LIHTC structure, on a same project, will be declined).

However, applicants applying to the ULA Acquisition and Rehabilitation of Affordable Housing: Preserving Affordability program or the ULA Alternative Models for Permanent Affordable Housing: Preservation program may also submit a joint application to the following program:

- The ULA Operating Assistance Program

LAHD allows for this exception because major capital improvements are not an eligible use of the Operating Assistance funds, and some projects may need both operating and capital funds to stabilize.

An applicant requesting funds from the ULA Acquisition and Rehabilitation of Affordable Housing: Preserving Affordability Program OR the ULA Alternative Models for Permanent Affordable Housing: Preservation Program AND the Operating Assistance Program must submit an application that meets eligibility and threshold requirements for both programs. When an applicant is on the UNOFA portal filling out an application for either of the aforementioned preservation programs, they will be given the option to add the Operating Assistance sections to their application. Projects that meet the requirements for both programs will be considered for funding by both programs.

Applicants proposing a new ownership structure as part of their ULA Acquisition and Rehabilitation of Affordable Housing: Preserving Affordability Program application will be allowed to apply for the Operating Assistance program provided they submit a letter on official letterhead from the existing project owner granting authorization.

6.2 Application Submittal and Review

Notice of Funding Availability applicants must use the online application and forms provided or approved by LAHD. Application forms must not be modified, except as directed by LAHD. Late and/or incomplete applications will not be accepted. Applications received after the deadline will not be accepted. Applications submitted through hard copies, facsimiles or email will not be accepted.

6.3 Appeals

Appeal must be submitted in writing and received by LAHD no later than seven (7) calendar days following the notification date of the LAHD staff's disqualification or point score determination letter in order to be considered. The appeal letter must be sent to the attention of the Assistant General Manager (AGM) of LAHD Housing Development Bureau. The appeal shall identify specifically the applicant's grounds for the appeal, pertaining to disqualification and/or determination of point score, and shall be based solely upon the documentation submitted at the time of application.

The appeal review shall be based solely upon the existing documentation submitted by the applicant when the application was filed. LAHD will provide a written and final response to the applicant in writing.

6.4 Project Readiness Milestones Commitment

LAHD will require awarded projects to achieve Project Readiness Milestones on the timeline provided by the project sponsor. Required milestones include obtaining all necessary entitlements, completion of draft architectural designs, and submission of applications for any and all identified soft sources at the earliest possible funding round following the LAHD commitment.

6.5 Release of Funds

Loan agreements will not be executed until all funding is in place or reasonably expected. However, in no event will LAHD be required to execute a loan agreement if after the specified funding cycles have elapsed, a funding gap exists for any reason, including cost increases, the withdrawal or reduction of a previous commitment, or deferred costs or fees.

SECTION 7: SCORING OF APPLICATIONS

This section discusses the scoring process and criteria used for selecting projects for each of the Homes for LA NOFA's eight (8) programs.

For projects that meet threshold requirements, LAHD will make funding awards in descending order starting with the highest scoring application in each funding program until that program's funds have been fully awarded. Applications for any program will compete with other applications for that respective program only.

Both the ULA Alternative Models New Construction and ULA Alternative Models Preservation Programs provide first funding priority to applications with Community Land Trusts (CLTs) and/or Special Purpose Entities (SPEs) with CLT participation in the project's ownership that propose feasible sustainable projects AND demonstrate experience owning and operating properties under resident leadership. Applications that are not CLTs, SPEs with CLT participation, or are unable to demonstrate direct experience managing resident-led properties will receive second funding priority. If the programs still have funds remaining after awarding applicants in the first pool, then awards will be recommended for the second funding priority pool in descending order by score.

The ULA Operating Assistance Program will provide first funding priority to applications from the 2025-2026 Homes for LA Round 1 NOFA who forfeit their award commitment due to substantive changes made to the program design in the 2026-2027 Homes for LA Round 2 NOFA.

For any given funding program, LAHD's General Manager reserves the right to not recommend projects for funding, and instead elect to roll over all or a portion of that program's funds into a subsequent solicitation.

This section first presents an outline of the New Construction base scoring and outlines the additional points unique to each New Construction program. Then, the Preservation base scoring is presented in outline form, with additional points unique to each Preservation program. The Operating Assistance Program's scoring is presented alone.

Finally, this section will elaborate on each scoring criterion in detail and describe the standard by which each criterion would be measured.

Table 4: New Construction Common Scoring Elements (Pooled Sources Multifamily, ULA Multifamily, ULA Alternative Models New Construction)

All New Construction Base Scoring	Points
Scoring Item 7.1.1 - Feasibility: Sponsor Underwriting	15
Scoring Item 7.1.2 - Feasibility: Project Underwriting	15
Scoring Item 7.2 - Site Efficiency and Cost Effectiveness	25
Scoring Item 7.3 - Entitlement Readiness or By-Right/Ministerial Projects	15
Scoring Item 7.4 - Contributions of Land at Less Than Fair Market Value (FMV), Public Land or Land from Faith-Based Orgs	5
Scoring Item 7.5 - Priority Geographies (TCAC Opportunity Maps)	5
Scoring Item 7.6 - Priority Populations (3BR units or Special Needs or ALI/ELI)	5
Scoring Item 7.7 - Enhanced Accessibility Program	5
TOTAL BASE SCORE	**90**

Table 4.1: Additional Program-Specific Scoring Elements for Pooled Sources Multifamily:

Pooled Sources Multifamily	Points
Scoring Item 7.8 - TCAC/CDLAC Scoring Competitiveness	25
Scoring Item 7.25 - Project Labor Agreement	3

Table 4.2: Additional Program-Specific Scoring Elements for ULA Multifamily:

ULA Multifamily	Points
Scoring Item 7.8 - TCAC/CDLAC Scoring Competitiveness	25

Table 4.3: Additional Program-Specific Scoring Elements for ULA Alternative Models New Construction:

ULA Alt Models New Construction*	Points
Scoring Item 7.9 - Deeper Affordability or Foregoing Market-rate Units for Moderate Income	5
Scoring Item 7.11 - Amenities	5
Scoring Item 7.12 - Previous Commitment of Funds (e.g., Philanthropic Funds) or In-Kind Contributions	15

*There will be a first priority pool within this program for CLT and CLT partnership applications

Table 5: Preservation Common Scoring Elements: (ULA Acquisition and Rehabilitation Preserving Affordability, ULA Alternative Models Preservation)

All Preservation Base Scoring	Points
Scoring Item 7.1.1 - Feasibility: Sponsor Underwriting	15
Scoring Item 7.1.2 - Feasibility: Project Underwriting	15
Scoring Item 7.15 - Project Preservation Plan	25
Scoring Item 7.16 - Risk of Affordability Loss	15
Scoring Item 7.6 - Priority Populations (Special Needs or ALI/ELI)	5
Scoring Item 7.9 - Feasibility of Accessibility Improvements	5
Scoring Item 7.7 - Enhanced Accessibility Program	5
TOTAL BASE SCORE	**85**

Table 5.1 Additional Program-Specific Scoring Elements for ULA Acquisition and Rehabilitation:

ULA Acq/Rehab Preservation	Points
Scoring Item 7.8 - TCAC/CDLAC Scoring Competitiveness	25
Scoring Item 7.17 - History of Tenant Engagement	10

Table 5.2 Additional Program-Specific Scoring Elements for ULA Alternative Models Preservation:

ULA Alt Models Preservation*	Points
Scoring Item 7.17 - History of Tenant Engagement	10

*There will be a first priority pool within this program for CLT and CLT partnership applications

Table 6: Portfolio Preservation Program

Criterion	Points
Scoring Item 7.18 - Portfolio Stabilization Plan	40
Scoring Item 7.19 - Leveraging of non-LAHD Funding Sources	25
Scoring Item 7.20 - Demonstrated Financial Hardship	20
Scoring Item 7.21 - Stabilization Efforts to Date	15
TOTAL SCORE	**100**

Table 7: Operating Assistance Program Scoring

Criterion*	Points
Scoring Item 7.22 - Demonstrated Financial Hardship	40
Scoring Item 7.23 - Stabilization Efforts to Date	10
Scoring Item 7.24 - Project Stabilization Plan	30
Scoring Item 7.25 - % of Units Restricted as ALI/ELI	5
Scoring Item 7.26 - Non-profits, CLT, and Shared-Equity Tenant Ownership Priority	5
TOTAL SCORE	**90**

*There will be a first priority pool within this program for awardees from the 2025-2026 Homes for LA Round 1 NOFA who forfeit their award commitment due to substantive changes made to the program design in the 2026-2027 Homes for LA Round 2 NOFA.

7.1 Feasibility

The Feasibility criterion is intended to ensure that financial projections are rooted in sound assumptions and that adverse scenarios are accounted for. LAHD underwriting staff will utilize the Sponsor Underwriting Guidelines and Project Sponsor Underwriting Guidelines to comprehensively evaluate each application.

7.1.1 - Feasibility: Sponsor Underwriting

This section explains how the Sponsor Underwriting portion of the Feasibility score will be calculated. A project will only be scored if it passes basic underwriting thresholds. LAHD underwriting staff will eliminate applications from consideration if they fail to meet LAHD's developer capacity requirements, if they fail to receive at least eight (8) points in Sponsor Underwriting, OR if they fail to meet cash flow and debt service coverage requirements in Project Underwriting. **Only ULA Operating Assistance and Portfolio Preservation applicants are allowed to pass threshold review without meeting developer capacity requirements or cash flow and debt service coverage requirements.**

The 15 Sponsor Underwriting points shall be awarded as follows:

1. Maximum five (5) points for Liquidity:
    a. Liquidity will be evaluated based on Audited Financial Statements. Applications where the Sponsor(s) can demonstrate six (6) months' cash-on-hand will receive one (1) point. For the remaining four (4) points, each Sponsor will be scored based on the following criteria:
        i. Composition and diversity of income sources
            1. One (1) point will be awarded for this criterion. The maximum point will be awarded to Sponsors with fifty percent (50%) of revenue comprising subsidiary revenue, rental income, developer fees, and/or partnership management revenue
        ii. Accounts receivable (A/R) and accounts payable (A/P)
            1. One (1) point will be awarded for this criterion. One-half point (0.5) will be awarded to Sponsors whose A/R to Total Revenue Ratio is equal to or less than two percent (2%)
            2. One-half point (0.5) will be awarded to sponsors whose Liquidity Coverage Ratio is at least 1.0
        iii. Debt service
            1. Two (2) points will be awarded for this criterion. Maximum points will be awarded to Sponsors who have no debt service or a debt service coverage ratio greater than 1.25 averaged across three (3) years
            2. One (1) point will be awarded to Sponsors that have a debt service coverage ratio between 1.10 and 1.25 averaged across three (3) years
        iv. Access to credit
            1. One (1) bonus point will be awarded for this criterion. The maximum point will be awarded to Sponsors who have a line of credit and the utilization rate of the line of credit is less than fifty percent (50%)
2. Maximum five (5) points for Development Team Experience:
    a. Sponsor's Development Team Experience will be evaluated based on staff resumes, organizational charts, and application narratives. Relevant experience should reflect the proposed project type. Development Team Experience emphasizes:
        i. Number of years of property management experience in deed-restricted affordable housing between project Sponsor's five (5) identified principals;
            1. Two (2) points will be awarded for this criterion. The maximum points will

be awarded to Sponsors who have at least ten (10) years of property management experience in deed-restricted affordable housing.

2. One (1) point will be awarded to Sponsors who have five (5) to nine (9) years of property management experience in deed-restricted affordable housing.

ii. Number and complexity of projects currently in the Sponsor's pipeline either in development or pre-development with the applicant

1. Two (2) points will be awarded for this criterion. The maximum points will be awarded to Sponsors who have seven (7) projects or less in the pipeline that are in development or pre-development.

2. One (1) point will be awarded to Sponsors who have eight (8) to fifteen (15) projects in the pipeline that are in development or pre-development.

iii. Number of years the Sponsor has been doing business in the City of Los Angeles

1. One (1) bonus point will be awarded for this criterion. The maximum point will be awarded to Sponsors who have at least five (5) years of experience managing deed-restricted properties in Los Angeles OR Sponsors who have at least seventy-five percent (75%) of the projects in their pipeline based in the City of Los Angeles.

3. Maximum five (5) points for Health of Existing Properties:

a. Health of Existing Properties will be based on the Sponsor's REO schedule, focusing on the following elements:

i. Percent of properties with positive net cash flow; 10-15% of the portfolio may have a moderately negative cash flow

1. Two (2) points will be awarded for this criterion. Maximum points will be awarded to Sponsors with at least eighty-five percent (85%) of existing properties having a positive net cash flow

ii. Percent of projects with a Debt Service Coverage Ratio (DSCR) of at least 1.0

1. One (1) point will be awarded for this criterion. The maximum point will be awarded to Sponsors with at least seventy-five percent (75%) of existing properties having a DSCR of at least 1.0

iii. Percent of projects with occupancy levels above 85%

1. One (1) point will be awarded for this criterion. The maximum point will be awarded to Sponsors with at least seventy-five percent (75%) of existing properties having an occupancy level above eighty-five percent (85%)

iv. Percent of projects in foreclosure

1. One (1) point will be awarded for this criterion. The maximum point will be awarded to Sponsors with zero (0) Preliminary Notice of Defaults or Notice of Defaults issued to existing properties

7.1.2 - Feasibility: Project Underwriting

This section explains how LAHD will apply the Project Underwriting Guidelines to the Homes for LA NOFA applications.

Projects will be scored based on the program to which they applied, using the following criteria:

1. Sources of Funds and Sufficiency of Sources
    a. LAHD underwriting staff will assess the complexity of the proposed capital stacks, the dependability of the funding sources, and the overall probability that the project will be able to complete its planned capital stack in the timeline provided by the applicant.
2. Total Development Cost and Reasonableness of Uses
    a. LAHD underwriting staff will extrapolate from internal benchmarks for major cost categories (e.g., LAHD's Fast Track Program, Round 1 of the Homes For LA NOFA) as well as cost data from other public affordable housing lenders (e.g., the State's Portfolio Reinvestment Program) to establish cost expectations. Projects with cost categories that significantly deviate from LAHD's cost expectations, either by being too high or too low, will result in additional review. LAHD underwriting staff will determine if additional information or narratives satisfy the deviations. LAHD also reserves the right to reach out to applicants for clarification.
3. Cash Flow and Debt Service Coverage Ratio (DSCR)
    a. Projects must meet cash flow and DSCR requirements, as outlined in the published Sponsor and Project Underwriting Guidelines on the Homes For LA website. Projects that do not meet the requirements will be eliminated from consideration. Projects with positive cash flow throughout the life of the project will rate more highly than projects with unsustainable cash flows
4. Due Diligence Report Findings (Phase I/II ESAs, Soils Report, Title Report)
    a. LAHD underwriting staff will consider any major issues raised by due diligence reports attached to the application. Projects with no major concerns will be rated most highly in this criterion, followed by projects with concerns but reasonable budgets and timelines for remediation, followed by projects with concerns but inadequate remediation strategies.

7.2 Site Efficiency and Cost Effectiveness

LAHD will evaluate Site Efficiency by assessing whether a project utilizes the maximum allowable units per acre on the site(s) of the proposed project. Projects will receive the maximum score of

fifteen (15) points for building at or above the base-zoned density on the project site and demonstrating utilization of available development incentives. For multi-phase projects, LAHD will calculate Site Efficiency based on the total unit count from the final proposed buildout.

The Cost Effectiveness score is accessed by requesting an amount below that project's theoretical maximum LAHD loan.

LAHD will evaluate Cost Effectiveness by assigning 0 points to projects that request their theoretical maximum LAHD loan. For programs where the maximum LAHD loan is 30% of TDC, projects will receive the maximum score of ten (10) points for requesting an LAHD loan equivalent to 25% of TDC. For each percentage point above 25% of TDC, the maximum score of ten (10) points will be reduced by two (2) points. For example, a project requesting an LAHD loan equivalent to 27% of TDC will receive six (6) points.

For the ULA Alternative Models New Construction Program, where the maximum LAHD loan is 80% of TDC, projects will receive the maximum score of ten (10) points for requesting an LAHD loan equivalent to 70% of TDC. For every one (1) percentage point above 70% of TDC, the maximum score of ten (10) points will be reduced by one (1) point. For example, a project requesting an LAHD loan equivalent to 75% of TDC will receive 5 points.

7.3 Entitlement Readiness Priority Points for New Construction and Preservation Programs

The Entitlement Readiness criterion is designed to award more points for applications that have received full approval for entitlements or made sufficient progress in completing the process. Although programs that have made the approval process by-right process are helpful, there is still a process for housing projects to receive approval that can be lengthy. As such, we require Project Sponsors to provide documentation demonstrating that the by-right project has been approved, or has made progress towards receiving approval.

The scoring for this category will be determined by the criteria listed below:

15 points will be awarded if any of the following three documents is submitted:

- Letter of Compliance (Planning Department)
- Letter of Determination (Planning Department) where the appeal period has expired and no appeal has been filed. Alternatively, an appeal to the project may have been filed, but all appeal options have already been exhausted and/or denied.
- Building permits that are Ready to Issue (RTI) (Department of Building and Safety)

8 points will be awarded if either of the following documents is available:

- Letter of Determination (Planning Department) where the appeal period has NOT expired or an appeal has been filed and is pending a decision.
- Preliminary Zoning Assessment Form with no corrections for ministerial projects (Department of Building and Safety). Please note that DBS will only provide these forms temporarily for the

purposes of applying to this NOFA round.

6 points will be awarded if only the item below is available:

- Proof that an entitlement application has been filed and has been deemed complete

  by Planning staff (Planning Department)

4 points will be awarded if only the the item below is available:

- Proof that an entitlement application has been filed (Planning Department)

2 points will be awarded if only one of the items below is available:

- A referral form (Affordable Housing, TOC, CHIP, etc.) signed by Planning staff (Planning Department)
- Preliminary Zoning Assessment Form with corrections outstanding for a ministerial project (Department of Building and Safety)

7.4 Discounted Contributions of Land

Maximum points for this criterion will be awarded to projects that demonstrate contributions of land, including public land, city-acquired sites, or land owned by faith-based organizations, at a discount of 50% or more below Fair Market Value. Discounted sales and/or long-term ground leases will be considered valid contributions of land for this scoring criterion. CLT's will still receive priority in the Alternative Model New Construction Program even if other non-CLT projects can demonstrate maximum points in this category.

7.5 Priority Geographies

Maximum points in this criterion will be awarded to projects located in High or Highest Opportunity areas as indicated by the latest version of the TCAC Opportunity Map.

7.6 Priority Populations Served

Maximum points in this criterion will be awarded to projects that set aside at least an additional ten percent (10%) of units for three bedroom units and/or Special Needs and/or ALI/ELI, above the minimum required in that Homes for LA NOFA funding program. For projects setting aside at least an additional ten percent (10%) of units for VLI households, above the minimum required in that Homes for LA NOFA funding program, half of the maximum points in this category will be awarded.

For all percentage thresholds discussed in this section, unit set-aside calculations that result in unit counts with decimal places must be rounded up to the nearest whole number in order to qualify for points.

7.7 Enhanced Accessibility Program

As required by the Voluntary Compliance Agreement entered into by the City and the U.S. Department of Housing & Urban Development in 2019, competitively allocated housing funds must include scoring points for an Enhanced Accessibility Program (EAP) that gives development points for including additional hearing, vision, or mobility accessibility features.

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Applicants who elect to participate in the EAP, shall receive bonus points, and shall:

- Submit an architectural plan set that indicates (a) all of the required accessibility design features in Tables 1A and 1B or 1C, and (b) at least 5 of the optional accessibility design features as listed in Exhibit 06 - Enhanced Accessibility NOFA Program;

- For projects competing for extra points through EAP, sponsors must submit an architectural plan set that indicates (a) all of the required accessibility design features in Tables 1A and 1B or 1C, and (b) at least 5 of the optional accessibility design features as listed in Exhibit 06 - Enhanced Accessibility NOFA Program; Submit a checklist of the chosen design features. The checklist must be signed and dated by the applicant. (Document 14)

Normally, the EAP only applies to new construction projects or rehabilitation projects that meet the standard of a “substantial alteration.” To provide every Project Sponsor an opportunity to earn additional points, the LAHD will allow rehabilitation projects that only meet the standard of an “other alteration” to participate in EAP if desired.

7.8 TCAC/CDLAC Scoring Competitiveness

Maximum points will be awarded to projects that demonstrate the ability to achieve maximum possible points in their pool or set-aside in the most recent TCAC or CDLAC regulations. A score of 119 or above on a CDLAC application will qualify a project for this scoring criterion.

7.9 ULA Alternative Models New Construction: Deeper Average Affordability or Forgoing Market-rate Units for Deed-Restricted Moderate Income (80%-120% AMI) Units

Five (5) additional points will be awarded to ULA Alternative Models New Construction projects that provide average affordability of 50% AMI or below, calculated on the basis of deed-restricted units only.

Alternatively, five (5) additional points will be awarded to ULA Alternative Models New Construction projects that, instead of exercising the option to set aside up to 20% of units at market-rate, deed-restrict those units at between 80-120% AMI.

For all percentage thresholds discussed in this section, unit set-aside calculations that result in unit counts with decimal places must be rounded up to the nearest whole number in order to qualify for points.

7.11 ULA Alternative Models New Construction: Amenity Bonus

Additional points will be awarded for project design that incorporates amenities that are above TCAC

minimums, including but not limited to wellness, medical, recreation, commercial and/or cultural amenities that enhance community livability and sustainability, such as affordable groceries, open space, and walking, biking, or transit pathways to access a public school.

7.12 ULA Alternative Models New Construction: Previous Funding Commitment Bonus

Half of the maximum points in this scoring criterion will be awarded for projects that have an existing commitment of funds or other in-kind contributions equivalent to ten percent (10%) or more of the project's total capital stack. These can include soft debt, hard debt, philanthropic funds, and/or any form of public subsidy.

The other half of the maximum points in this scoring criterion will be awarded for projects whose existing funding commitment is structured as an equity stake in the project.

7.13 Feasibility of Accessibility Improvements

Existing structures have often been designed and constructed without accessible paths of travel, the space requirements of accessible units, and the placement of accessible features in mind. As a result, certain housing projects will be difficult to make accessible to people with disabilities. Projects will be evaluated based on the completeness of their accessibility planning and documentation at the time of application. The following scoring criteria will be followed:

5 Points – Excellent Accessibility Readiness

The project demonstrates a high level of accessibility planning and includes all of the following:

- A contract demonstrating that a Certified Access Specialist (CASp) has been retained for the project.
- A signed Accessibility Compliance Self-Certification Form.
- Complete architectural plans (100% Construction Documents).
- A completed Unit Matrix.
- Identification of all proposed Mobility Units.
- Identification of all proposed Communication (Hearing/Vision) Units.
- Designation of which accessible units will satisfy the Accessibility Certification Settlement Agreement (ACSA) and the Voluntary Compliance Agreement (VCA), as applicable.
- Identification of the Area Median Income (AMI) level for each designated accessible unit.
- Enlarged floor plans for each accessible unit type.
- Identification and documentation of any potential technical infeasibilities (alteration/rehabilitation projects only).

3 Points – Moderate Accessibility Readiness

The project demonstrates a moderate level of accessibility planning and includes all of the following:

- A contract demonstrating that a Certified Access Specialist (CASp) has been retained for the project.
- A signed Accessibility Compliance Self-Certification Form.
- Complete architectural plans sufficient to evaluate the proposed scope of work.

1 Point – Minimum Accessibility Readiness

The project demonstrates a minimum level of accessibility planning and includes all of the following:

- A contract demonstrating that a Certified Access Specialist (CASp) has been retained for the project.
- A signed Accessibility Compliance Self-Certification Form.

Applications that don't provide the minimum level of documentation will earn no points from this category and may not pass threshold review. Projects receiving higher scores demonstrate greater readiness for accessibility review, reduce the likelihood of design revisions during plan review, and improve the feasibility of achieving timely accessibility certification.

7.14 Project Preservation Plan

Up to ten (10) points will be awarded in the Project Preservation Plan criterion based on timing and phasing of construction and/or rehabilitation that minimizes disruption to existing tenants.

Up to ten (10) points in this scoring criterion will be awarded based on expected operational stabilization of a project using capital improvements. For example, a project that is experiencing excess vacancy losses due to an elevated number of uninhabitable units would receive these points by showing how repairs might result in increased rental income; or a project experiencing excess utility costs due to obsolete systems would receive these points by showing how upgrades to heating systems might result in decreased heating/cooling costs.
Five (5) bonus points will be awarded in this criterion if the project can demonstrate financial feasibility with an amortizing loan from LAHD.

7.15 Risk of Affordability Loss

For projects claiming both financial hardship and expiry of covenants, half the maximum points in the Risk of Affordability Loss criterion are based on imminent expiry of affordability covenants. The project with the most imminent expiry would receive the maximum possible points in this suballocation. Points in this suballocation will also be awarded for projects that have issued a three (3) year notice pursuant to section 65863.10 of the California Government Code, also known as the

State Preservation Notice Law.

The remainder of the maximum points in this scoring criterion are based on risk of financial insolvency as demonstrated in sponsorship underwriting documents.

7.16 ULA Preservation: History of Tenant Engagement Bonus Points

Maximum points in this criterion will be awarded to sponsors with a history of outreach to the property's tenants, including but not limited to attestation and/or meeting minutes from an organized group of the property's residents, or a letter of support signed by a majority of the building's households.

No partial points will be awarded for this scoring criterion.

7.17 Portfolio Preservation Program: Portfolio Stabilization Plan

Points in this criterion are awarded on the basis of underwriting of the applicant's plan, including but not limited to LAHD underwriting evaluation of reasonableness, and sufficiency of Sources and Uses.

Maximum points in this criterion will be awarded for a plan that identifies challenges and develops solutions that address the challenges and results in a positive cashflow of at least fifteen (15) years.

The Stabilization Plan must identify stabilization challenges, including technical compliance risks, revenue shortfalls, deferred maintenance, and escalating and/or unmanageable expenses impacting the portfolio. If the Portfolio Preservation projects involve a change of ownership, applicants must detail their process and timeline for completing the change of ownership within a timely manner.

Applicants must also identify stabilization strategies to resolve these challenges, including but not limited to:

1. Curing technical compliance risks;
2. Addressing deferred maintenance;
3. Implementing capital improvements;
4. Identifying long-term financial restructuring and/or refinancing opportunities; and
5. Identifying opportunities to increase revenue.

7.18 Portfolio Preservation Program: Leveraging of non-LAHD Funding Sources

Maximum points in this criterion will be awarded to portfolios that have award letters from other funding sources.

Thirteen (13) points will be awarded in this criterion to portfolios that have commitment letters from other funding sources.

Ten (10) points will be awarded in this criterion to portfolios that are relying solely on LAHD funding sources.

7.19 Portfolio Preservation Program: Demonstrated Financial Hardship

Maximum points in this criterion will be awarded to Portfolios where at least fifty percent (50%) of the Portfolio is determined to be in financial hardship based on the following criteria: negative cash flow for two (2) of the last three (3) years, insufficient operating reserves, and/or a vacancy rate higher than 10%

Ten (10) points in this criterion will be awarded to Portfolios where at least twenty-five percent (25%) of the Portfolio is determined to be in financial hardship based on the following criteria: negative cash flow for two (2) of the last three (3) years, insufficient operating reserves, and/or a vacancy rate higher than 10%.

7.20 Portfolio Preservation Program: Stabilization Efforts to Date

Maximum points in this criterion are awarded based on previous meaningful measures to bring down operating costs or address financial challenges and by seeking additional funding from other sources across 50% of the Portfolio.

Eight (8) points in this criterion are awarded based on previous meaningful measures to bring down operating costs or address financial challenges and by seeking additional funding from other sources across 25% of the Portfolio.

7.21 Project Labor Agreement

Maximum points in this criterion are awarded for projects that are utilizing a Project Labor Agreement.

7.22 ULA Operating Assistance: Demonstrated Financial Hardship

Maximum points in this criterion will be awarded to projects determined to be in financial hardship based on the following criteria: negative cash flow for two (2) of the last three (3) years, insufficient operating reserves, and a vacancy rate higher than 10%.

7.23 ULA Operating Assistance: Stabilization Efforts to Date

Points in this criterion are awarded based on previous meaningful measures to bring down operating costs or address financial challenges and by seeking additional funding from other sources.

7.24 ULA Operating Assistance: Project Stabilization Plan

Points in this criterion are awarded on the basis of underwriting of the applicant’s plan, including but not limited to LAHD underwriting evaluation of reasonableness, and sufficiency of Sources and Uses.

The Stabilization Plan must detail stabilization efforts and progress to date. While applicants for the Operating Assistance Program are not required to demonstrate resolution of operating gaps when assistance terminates, applicants must identify systemic cost drivers or economic shocks beyond their control. Project sponsors must also identify the changes in rent levels or other operating revenue and expenses, as well as changes in funding program requirements that would be needed to make projects feasible even if the economic shock, such as higher insurance or utility costs, does not change.

7.25 ULA Operating Assistance: Percentage of Units Restricted at ALI/ELI

Five (5) points in this criterion will be awarded for projects with more than ten percent (10%) of units for households at ALI and ELI.

For all percentage thresholds discussed in this section, unit set-aside calculations that result in unit counts with decimal places must be rounded up to the nearest whole number in order to qualify for points.

7.26 ULA Operating Assistance: Non-profit, CLT, and/or Shared-Equity Tenant Ownership

Five (5) points in this criterion will be awarded for projects that are owned by non-profits, CLTs, and/or Shared-equity entities.

SECTION 8: FEDERAL AND STATE WAGE AND LABOR REQUIREMENTS

8.1 Federal Wage Requirements

All projects utilizing HOME or any other source of Federal funds will be required to pay wages to all workers the Davis-Bacon wage rates, at minimum. Any project funded in whole or in part with Community Redevelopment Agency (CRA) and/or other State funds are also subject to State Prevailing Wage Requirements.

All projects located within the City of Los Angeles, including tax-exempt bond-financed projects, must pay wages to all workers at either the Davis-Bacon wage rates or State of California prevailing wages, whichever are higher for each job classification.

For both Davis-Bacon and State Prevailing Wage projects, the final wage decision to be employed will depend upon the height (number of stories) of the project. **Applicant/developer shall be responsible for complying with the applicable wage scale as determined by the City.**

8.2 State Wage Requirements

Any project funded in whole or in part with public funds, including Community Redevelopment Agency (CRA/LA) or other State funds is subject to State Prevailing Wage Requirements.

Pursuant to the California Code of regulations Section 16001(d), residential projects consist of single-family homes and apartments up to and including four stories. The residential determination applies only to the residential portion of the project meeting this definition. Construction of any structures or ancillary facilities on the project that does not meet this definition requires the payment of the general commercial prevailing wage rates.

According to the definitions contained in Title 8, Section 1504 of the California Code of regulations, the following is the definition of a building story:

“That portion of a building included between the upper surface of any floor and the upper surface of the floor next above, except that the topmost story shall be that portion of a building included between the upper surface of the topmost floor and the ceiling or roof above. If the finished floor level directly above a basement, cellar or unused underfloor space is more than 6 feet above grade as defined herein for more than 50% of the total perimeter, or is more than 12 feet above grade as defined herein at any point, such basement, cellar or unused underfloor space shall be considered as a story.”

Information regarding California’s State Prevailing Wage Determinations are as follows:CA State Wage Determinations: **http://www.dir.ca.gov/dlsr/statistics_research.html**

Archived CA State Determinations:**http://www.dir.ca.gov/dlsr/DPreWageDetermination.htm**

8.3 Contractor Accountability

Cost of the Work plus a Fee with a Guaranteed Maximum Price Contract (GMAX)

General Contractors will be required to use a Guaranteed Maximum Price Contract (GMAX) wherein the basis for payment is the cost of the work plus a fee. The construction contract shall include an overall cost limitation of fourteen percent (14%) of the cost of construction, which shall apply to builder overhead, profit, and general requirements, excluding builder's general liability insurance. For purposes of calculating builder overhead and profit, the cost of construction includes offsite improvements, demolition and site work, structures, prevailing wage, and general requirements. For purposes of calculating general requirements, the cost of construction includes offsite improvements, demolition and site work, structures, and prevailing wage. All construction contracts shall clearly state that the sharing of cost savings, which are above and beyond the maximum fourteen percent (14%) of the cost of construction for builders overhead, profit and general requirements are not allowed under said contracts. Construction contracts must exclude design and design related costs.

8.4 Construction Contract Audit

Borrowers shall submit for LAHD's approval a completed audit of construction costs by an independent Certified Public Accountant within sixty (60) calendar days after the issuance of the project's Final Certificate of Occupancy. The audit shall include the accountant's opinion on calculation of profit, overhead, and general conditions as a percentage of the total contract amount.

8.5 Enforcement Language

The City loan documents will enforce the 14% cap on profit, overhead and general conditions that includes penalties, fees, and possible debarment of the borrower, contractor and/or their principals.

8.6 LCP Tracker

Contractors will be required to report to LAHD's Prevailing Wage Compliance Unit using the LCP Tracker labor compliance software, used by many public agencies to capture, monitor, and report prevailing wage compliance in projects financed with public funds. An amount equal to 0.0003% of the construction contract must be paid in full by the applicant/developer within 30 days of execution of the LAHD loan.

SECTION 9: CONSTRUCTION STANDARDS

9.1 Architectural Design Review

The evaluation of all projects shall be based on, but not limited to, design standards related to site planning, common spaces/circulation, unit layout, sustainability requirements, energy efficiency, and compliance with applicable accessibility standards, based on the LAHD's Architectural Guidelines:

- New construction projects will be evaluated on design issues such as neighborhood compatibility, site amenities, circulation, crime prevention, interior spatial relationships, landscaping, design efficiency, unit/room layout and energy efficiency;
- Rehabilitation projects will be evaluated on design issues such as neighborhood improvement, site amenities, circulation, crime prevention, internal spatial relationships, landscaping, design efficiency and energy efficiency; and
- As described above, all project designs must demonstrate compliance with all applicable accessibility standards.

Applicants/developers must provide written rationale that explains the project design, and submit an electronic copy in Adobe Acrobat format (Pdf), (and CAD format when required) of 24" x 36" architectural plans. The written rationale should be consistent with the submitted design. For "non-structural rehabilitation projects," applicants must provide rehabilitation plans that indicate the proposed improvements to enable LAHD cost estimators to locate, quantify and confirm all proposed improvements (e.g., proposed demolition work, number of doors, windows and/or fixtures to be replaced; floor, wall and ceiling areas to be rehabilitated, indicating site work, if any, such as paved walkways, driveways, steps, landscape areas, low retaining walls to be added or replaced, etc.).

CTCAC projects must score the minimum number of points according to CTCAC's Sustainable Building Methods criteria as outlined in the Architectural Guidelines.

9.2 Assessment of Cost and Contractor's Cost Certification

The reasonableness of the estimated development costs will be analyzed in relation to the type and size of the development. LAHD staff and consultants will perform a detailed underwriting and cost estimating review of the submitted costs. Applicants must include comprehensive notes and assumptions with financial exhibits and detailed construction cost estimates in order for LAHD staff to perform an adequate and fair review of development costs.

Builder overhead, profit and general conditions/requirements are limited to 14% of the construction cost. Construction contingency allowances must be allocated outside the proposed construction contract amount, and should be at least 10% of the total construction costs for new construction, and at least 15% for rehabilitation projects.

9.3 Engineering Inspection (for all rehabilitation projects)

All rehabilitation projects must submit a property needs assessment report or an engineering inspection report completed within the past twelve (12) months, from a qualified engineer or building inspector, to identify the remaining life of all major systems including, but not limited to, plumbing, electrical, HVAC, foundation, and roof. The purpose of the aforementioned inspection is to reduce the likelihood of unforeseen conditions, which could substantially change the cost and/or scope of work approved. Additionally, LAHD may require that a cost certification be prepared to determine if the cost and scope of work identified by the applicant coincides with that of the property inspector and engineering assessment. Should it be determined that the additional costs identified render the project infeasible, it will be the responsibility of the applicant to secure non-City funds for the identified costs. If the applicant is unable to do so, the commitment of City funds may be withdrawn. In order to score projects appropriately, any document submitted as proof of site control must permit access to the property for all inspections identified above. A code inspection will also be conducted by LAHD as part of its review process.

For "cosmetic rehabilitation projects," applicants are required to submit a property needs assessment report or engineering inspection report. Environmental considerations will be part of the review process. Projects that reflect community input and support and serve to enhance the surrounding community are encouraged. In addition, applicants must make the proposed project architect aware of LAHD's "Architect's Consent and Assignment" policies as outlined in Exhibit 01.

If demolition of residential units is proposed, the applicant must explain why such an approach is necessary. Structures eligible for listing on the National Register of Historic Places may only be demolished subject to completion of environmental review and approval. Structures built before 1978, which require rehabilitation or demolition, will require a budget for lead and asbestos testing and abatement.

9.4 Accessibility Certification Requirements

A State of California Certified Access Specialist (CASp) who is a licensed architect or engineer must be identified as part of the development team. The CASp must be an independent 3rd party consultant and cannot be the architect-of-record or the CASp consultant for their own project.

Applicants/developers shall work with their CASp consultants/specialists and shall ensure that their project/s comply with the following accessibility standards including, but not limited to:

- Section 504 of the Rehabilitation Act of 1973, as amended, and its implementing regulations at CFR Part 8, effective July 11, 1988 and the Uniform Federal Accessibility Standard (UFAS) 24 CFR Part 40;
- HUD's Alternative Accessibility Standard published in the Federal Register May 23, 2014

(Vol. 70 Number 100) that allows recipients of HUD funds to use the 2010 ADA Title II Standards for Accessible Design except for the eleven UFAS sections deemed by HUD to provide greater accessibility;

- The 2010 Standards for State and local governments, which consist of the Title II regulations at 28 CFR 35.151 and the 2004 ADDAG at 36 CFR part 1191, appendices B and;
- The 2010 Standards for public accommodations and commercial facilities, which consist of the Title II regulations at 28 CFR part 36, subpart D, and the 2004 ADAAG at 36 CFR part 1191, appendices B and D;
- Title VIII of the Civil Rights Act of 1968 (Fair Housing Act) prohibits discrimination in the sale, rental and financing of dwellings based on race, color, religion, sex or national origin. Title VIII was amended in 1988 (effective March 13, 1991) by the Fair Housing Amendments Act that describes required construction standards for all multifamily properties. Fair Housing Act, 42 U.S.C. 3601, et seq; 24 CFR Parts 100, 103, and 104;
- The Fair Housing Act, compliance with the standards set forth in 24 C.F.R. § 100.205, including: ANSI A117.1-1986; and the Fair Housing Accessibility Guidelines, March 6, 1991, in conjunction with the Supplement to Notice of Fair Accessibility and Answers About the Guidelines, June 28, 1994 Housing Guidelines: Questions; and
- California Building Code Chapters 11A & B (architect must include this note on the title page of plans: “This is a publicly funded housing project and must comply with California Building Code Chapter 11B”).

In addition to the project site and the buildings being accessible to people with disabilities, the development must construct at least:

- For New Construction and Adaptive Reuse Projects:
    - 15% of the total units in the project must be accessible to persons with mobility impairments; **and**,
    - 10% of the total units in the project must be accessible to persons with communication (hearing/vision) impairments.
- For Rehabilitation/Preservation Projects:
    - 11% of the total units in the project must be accessible to persons with mobility impairments; **and**,
    - 4% of the total units in the project must be accessible to persons with communication (hearing/vision) impairments.

The calculations shall be based on the total number of units in the project (including the manager’s unit(s)). Required accessible dwelling units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout projects and sites, and shall be available in a sufficient range of sizes and amenities so that a qualified

individual's choice of living arrangements is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

The cost of CASp activities and certifications should be included in the application's project budget. A list of State Certified Disabled Access Specialists can be found at the following link: https://www.apps.dgs.ca.gov/casp/casp certified_list.aspx

For further information, please refer to the ACCESSIBILITY REPORT REQUIREMENTS & PROCEDURES.

9.5 Design Review Submittal Guideline

The applicants/developers shall electronically submit the following documents to LAHD Accessible Housing Program (AcHP) Construction Unit (achp.construction@lacity.org) at the time of submission of plans to the Los Angeles Department of Building & Safety (LADBS):

1. Accessibility Design Review Report by the CASp consultant in PDF format;
2. Complete set of construction documents (plans) as submitted to LADBS in PDF format including the following;
    - AcHP Unit Matrix in Excel format
    - Alteration Status & Replacement Cost Calculations in PDF format for a Rehabilitation project.
3. Technical Service Request (TSR) form in PDF format from the Housing Development Bureau;
    - Include the name of the Finance Development Officer you are working with at LAHD.
4. Include the LADBS Permit Number(s) in your email submission.

For item 2 above, the Cover Sheet for the construction documents (plans) must include the following:

- The notation: "*This is a publicly funded housing project and must comply with federal accessibility standards, California Building Code Chapter 11B, and local accessibility requirements by funding source.*"
- Documents relating to additional accessibility or architectural requirements by funding source must be submitted, including: TCAC scoring sheet, universal design requirements, enhanced accessibility program sheet, and/or other relevant documents.
- FHA Safe Harbor: The requirements in 24 CFR Part 100.205, including ANSI A117.1-1986; the Fair Housing Accessibility Guidelines, including the Supplement to Notice of FHA Guidelines - Questions and Answers about the Guidelines, June 28, 1994.

For further information, please refer to the AcHP ACCESSIBILITY DESIGN REVIEW and PLAN

STAMPING GUIDELINES, and the ACCESSIBILITY REPORT REQUIREMENTS & PROCEDURES.

9.6 Construction Phase - Inspections and Reports from CASp Consultants

The developer, during construction, shall provide LAHD with written Accessibility Reports from a CASp consultant during the following stages: Rough Framing, Pre-Final for TCO, and Final. The need for additional inspections or reports may rise depending on the phases of the project and/or on the occupation status.

For further information, please refer to the AcHP ACCESSIBILITY COMPLIANCE INSPECTIONS, CERTIFICATION GUIDELINES, and the ACCESSIBILITY REPORT REQUIREMENTS & PROCEDURES.

9.7 Prior to Issuance of TCO

Prior to issuance of a Temporary Certificate of Occupancy (TCO), the developer must obtain a clearance from LAHD AcHP. The AcHP has been added to the Automated Certificate of Occupancy System (ACOS) within the Los Angeles Department of Building and Safety (LADBS). The AcHP assigned Rehabilitation Construction Specialist (RCS) will conduct a document review and site inspection(s) to ensure that all non-compliant items are corrected and that the development complies with all applicable accessibility standards before AcHP issues the TCO clearance on the LADBS's Plan Check and Inspection System (PCIS). Once all City Departments issue their clearance, LADBS will issue TCO. Neutral Accessibility Consultant (NAC) inspection and approval are not required for an AcHP TCO clearance.

For further information, please refer to the GUIDELINES for the ISSUANCE of CLEARANCES for AcHP TEMPORARY CERTIFICATE of OCCUPANCY (TCO) and AcHP CERTIFICATE of OCCUPANCY (CofO).

9.8 Certificate of Occupancy (C of O)

As described above, LAHD AcHP clearance verification has been added to the LADBS ACOS to ensure that LADBS does not issue a Certificate of Occupancy (C of O) prior to the proper documentation (i.e., the Verification of Compliance by the NAC and the Certification of Compliance by the City) is presented to the developer/owner in order for LADBS to issue a C of O.

At the time of application, an Accessibility Compliance Certification must be completed and signed by the applicant (see Document 14 and Exhibit 01 LAHD Architectural Guidelines) certifying that the development is compliant with applicable accessibility standards, must be submitted to and approved by LAHD at the following phases of the project development:

- **Accessibility Design Review Report** This report shall be conducted by a Certified Access Specialist (CASp) consultant and a complete set of architectural plans in "Pdf" must be submitted to LAHD AcHP for review and approval *prior* to the LADBS' issuance of a

building permit;

- **Accessibility Progress Inspection Reports** after all rough inspections have been signed off prior to closing of walls; and
- **Final Accessibility Report** LAHD shall not issue its approval/clearance for the issuance of a Temporary Certificate of Occupancy unless all non-compliant items in the units are corrected, and an accessible route exists to each of the units, from the public right-of-way to the development's parking.

LAHD shall not issue its approval/clearance for the issuance of a Certificate of Occupancy or a final building permit sign-off by LADBS, or the release of the final retention payment unless:

1. Corrections issued by LAHD are addressed, completed, and approved;
2. LAHD approves the final Accessibility Report from CASp for project;
3. Expert Recommendation and City Certification of Compliance with CSA are issued; and
4. Neutral Accessibility Consultant Verification and City Certification of Compliance with Accessibility Standard with VCA are issued.

For further information, please refer to the GUIDELINES for the ISSUANCE of CLEARANCES for AcHP TEMPORARY CERTIFICATE of OCCUPANCY (TCO) and AcHP CERTIFICATE of OCCUPANCY (CofO).

9.9 Cost Certification

Cost certification is required of all owners and all general contractors and any LAHD project is subject to wage determination. Implementing the cost certification process for general contractors will create greater transparency and accountability of the resources available to the affordable housing development community.

Direct Construction Cost Summary: A construction cost breakdown must be prepared using the standard Construction Specification Institute (CSI) Division format for building components. Prices for labor must be taken into consideration the applicable wages (e.g., Davis-Bacon or other). (Any LAHD project is subject to the wage determination). Where there is an identity of interest relationship between the general contractor and/or the owner and a subcontractor as defined in Section 7.14, LAHD will require a cost certification of the subcontractor. Any overhead, profit, general requirements and general conditions fees paid to that subcontractor will be added to the general contractor's overhead, profit and general requirements and limited to the percentages allowable in these Homes for LA NOFA Regulations. In these instances, the general contractor must provide to a third party Accountant:

- Copy of construction contract and any change orders;
- Listing of all subcontractors utilized on the job, with amounts paid and to be paid; and
- Listing of all "other costs/fees" paid and/or incurred for the project by the contractor.

The Accountant shall select at least five other subcontractors at random or by a sampling method, and verify the amounts paid to each subcontractor by reviewing check copies, contract documents, change orders, and other supporting information to verify amounts included within the cost certification for each subcontractor selected.

Coverage should be at least 40% of total cost incurred on the construction contract. If not, the Accountant shall select additional subcontractors and perform procedures above until the 40% requirement is exceeded.

The Accountant shall perform a comparison of actual costs to the amount budgeted at the time of application and obtain explanations for significant variances.

The Contractor's Cost Certification forms must be accompanied by the unqualified opinion of the Accountant.

9.10 Utility Allowance

Newly constructed projects in the design phase (brand new, never previously used buildings) must use the California Energy Commission (CEC) California Utility Allowance Calculator (CUAC). LAHD requires that the signing consultant be qualified by the California Association of Building Energy Consultants' (CABEC) Certified Energy Plans Examiner (CEPE) program, and must be a certified Home Energy Rating System (HERS) Rater, or a California licensed mechanical engineer or electrical engineer.

Rehabilitation projects or projects with Project Based Section 8 Vouchers from the Housing Authority of the City of Los Angeles (HACLA), Los Angeles County Housing Authority (LACDA) and Flexible Housing Subsidy Pool (FHSP) shall use the respective utility allowance.

If a new construction development has several units supported by Section 8 Project Based Vouchers (PBVs) from HACLA or LACDA or FHSP operating subsidy, then the project shall be allowed to use that funding source's utility allowances for the entire project.

APPENDIX I

HOMES FOR LA NOFA REQUIRED FORMS AND ATTACHMENTS CHECKLIST

CHECKLIST Applicable items from the following list must be completed and submitted with the Homes for LA NOFA application:	**Form Provided by LAHD?**
Document 1 – Completed UNOFA project application and Financial Proforma	Yes
Document 2 – Conflicts of Interest and Legal/Financial Liabilities Self-Certification	Yes
Document 3 – Preliminary Title Report dated within 90 days of app deadline; and Evidence of Site Control	No
Document 4 – Portfolio Underwriting: Real Estate Owned Schedule (REO) template. See Section 5, Document 4: Submission of Documents for Sponsor Underwriting in the Homes for LA NOFA Regulations for a full list of items to be submitted for Sponsor Underwriting	Yes
Document 5 – Appraisal	No
Document 6 – Phase I and/or Phase II Environmental Site Assessment (ESA)	No
Document 7 – Soils Report, or, Affidavit from General Partners Pertaining to Soils Report	No
Document 8 – Asbestos Assessment and Lead-based Paint Report, or, Letters in Lieu of Report(s)	No
Document 9 – Architectural Plans, Schematics, or Concept	No
Document 10 – Self-Score Form for Homes for LA NOFA Competitive Criteria	Yes
Document 11 – Relocation Assistance and Construction Phasing Plan/Tenant Habitability Plan	No
Document 12 – Replacement Unit Determination (RUD)	No
Document 13 – Accessibility Self-Certification Form and Enhanced Accessibility Program Checklist	Yes
Document 14 – Milestones Commitment Letter	No
Document 15 – Assurances and Conditions Form	Yes
Document 16 – CTCAC or CDLAC Scoring Self-Certification	No
Document 17 – Evidence of Project-Based Vouchers	No
Document 18 – Capital Needs Assessment (CNA) and Scope of Work	No
Document 19 – Proof of Expiring Covenants	No

Document 20 – Stabilization Plan	No
Document 21 – Project Labor Agreement (PLA) Letter of Assent	No
Document 22 – Statement of Public Purpose	No
Document 23 – Racial Equity Commitment	No
Document 24 – Tenant Governance Engagement and Leadership Plan and Sponsor Experience Package	No
Document 25 – Enhanced Environmental Health Commitment	No
Document 26 – General Information Notice (GIN) (for projects receiving federal funds)	No

ADDITIONAL ITEMS IN ORDER TO RECEIVE POINTS UNDER SECTION 7 *(If applicant is proposing to garner competitive criteria points under committed funding sources, general partner/management company experience, Enhanced Accessibility Program, etc):*
Document 27 – Evidence of Enforceable Funding Commitments
Document 28 – Evidence of Entitlement Readiness
Document 29 – Evidence of Contributions of Land below Fair Market Value
Document 30– Evidence of High or Highest Resource Geography
Document 31 – Evidence of Site Efficiency
Document 32 – Evidence of Priority Populations Served
Document 33 – Evidence of Retrofit/Rehabilitation Work that Provides Certified Accessible Units
Document 34 – Schematic Architectural Plans that Demonstrate Enhanced Accessibility Features
Document 35 – Completed “Points System” Tab of TCAC/CDLAC Application
Document 36 – Evidence of Amenity Access
Document 37 – Evidence of Equity Financing Commitment
Document 38 – Project Preservation Plan
Document 39 – Evidence of Risk of Affordability Loss
Document 40 – Evidence of Previous Tenant Engagement
Document 41 – Demonstrated Financial Hardship
Document 42 – Evidence of Stabilization Efforts to Date, Including Award and/or Denial Letters for Financing Sources
Document 43 – Evidence of Exhaustion of Other Funds, Including Award, Commitment

and/or Denial Letters for Other Funds
Document 44 – Tenant Rent Roll

Los Angeles Housing Department Term Sheet
United to House Los Angeles (ULA) - Multifamily Affordable Housing

Program Description	The United to House Los Angeles (ULA) program is a sustainable funding stream dedicated to affordable housing production and homelessness prevention in the City of Los Angeles. Through ULA, the City provides funding to the **ULA Multifamily Affordable Housing Program**, which supports the construction of affordable housing in the City of Los Angeles. The Los Angeles Housing Department (LAHD) intends to release a Notice of Funding Availability (NOFA), which will provide capital financing for the creation and operation of permanent affordable multifamily rental units. LAHD expects to begin accepting applications on October 13, 2026. Sponsor Underwriting materials will be due on November 13, 2026. All other application materials will be due on December 4, 2026.
Available Capital Funds	Through this Homes for LA NOFA, LAHD may provide up to an anticipated **$123,484,930** as part of the ULA Multifamily Affordable Housing Program for the development of affordable housing in the City of Los Angeles. Availability of funds for this Program is subject to approval of the proposed FY 2025-26 ULA Expenditure Plan by the Mayor and City Council. The total amount of available capital funds will be confirmed with the publication of the Homes for LA NOFA.
Eligible Applicants	Eligible applicants are entities that have a demonstrated history of affordable housing development, ownership, operations and affordable housing property management. Eligible entities, including Community Land Trusts (CLTs) and Limited Equity Housing Cooperatives (LEHCs), may qualify by either partnering with an experienced Nonprofit or by showing adequate organizational and staff capacity to operate and manage the project.
Eligible Projects and Requirements	<u>Eligible Project Types:</u> ● Projects must be new construction of multifamily affordable housing or conversion of non-residential structures into affordable housing (adaptive reuse) <u>Project Size:</u> ● Projects must have 40 or more units <u>Labor Compliance:</u> ● Must pay prevailing wage. ● All projects with 40 or more units must comply with the City of Los Angeles Department of Public Works Master Project Labor Agreement (PLA) or a specific ULA Measure-wide PLA, negotiated with mutual

	agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council. <u>Outside Leveraging</u>: ● It is expected that projects under the ULA Multifamily Affordable Housing Program apply for LIHTCs ● Project financing must include existing commitments from federal, state, county or non-ULA funding sources, or a commitment and demonstrated capacity to pursue the same within the project timeline. <u>Project Resale:</u> ● Resale of rental property is restricted to Nonprofits, Limited Equity Housing Cooperatives (LEHCs) and/or Community Land Trusts (CLTs)
Affordability Requirements and Rent Schedules	<u>Affordability Requirements:</u> ● Except for the manager's unit(s), all units must be covenanted to be affordable to households earning 80% Area Median Income (AMI) or below. <u>Rent Schedules:</u> ● LAHD will apply HUD/LIHTC income targeting and rent schedules, with the exception of when projects or units in the project are subject to regulatory agreements that require Health and Safety Code income targeting and rent schedules
Eligible Activities	● Acquisition costs during predevelopment; ● Predevelopment costs, including, but not limited to, costs for architectural plans and renderings, Environmental Review and Historic Preservation; and Phase I Environmental Assessment Report, Phase II Environmental Assessment Report (if required), and Lead/Asbestos. ● Construction and financing costs, including demolition, off-site public improvements, construction bonds, general contractor and subcontractor payments including overhead, profit, and general conditions; ● Relocation and related expenses; ● Soft costs related to the construction and development of the project, including conventional financing, design, program, financing, and entitlement processing, developer fees, legal fees, and professional fees

Ineligible Activities	• Substitution for any committed permanent project financing source, unless the substitution was approved at the time of commitment. • Costs associated with units not funded by the City of Los Angeles. • Commercial space or tenant improvements. • Reimbursement for project costs that have been paid by another project funding source unless the reimbursement was approved at the time of commitment. • Travel expenses, food, or meals. • Application fees for other project financing • Office or general organizational expenses • Costs that would normally be paid by the Limited Partnership or Limited Liability Company • The payment of delinquent taxes, fees, or charges on properties
Loan Assistance and Term Limits	**Limit**: The maximum loan limit is up to 30% of the Total Development Cost (TDC). **Type**: Predevelopment, construction (including reimbursement of acquisition and predevelopment costs) and permanent loans. Permanent loans may allow for transfer of ownership to a legal entity owned and/or controlled by residents. These loans will be provided in the form of residual receipts loans. **Interest Rate**: Three Percent (3%) simple interest. LAHD reserves the right to determine a lower interest rate of no less than 1% if it is found to be necessary for project feasibility. **Term of Loan**: Fifty-Seven (57) years (i.e. a 24-month construction period followed by a fifty-five (55) year permanent loan period). LAHD reserves the right to negotiate a longer term if it is determined necessary for financial feasibility. **Term of Affordability Covenant**: The term of the affordability restrictions in the Regulatory Agreement shall be in perpetuity, or such other maximum length of time as may be permitted by applicable law. However, a more limited affordability covenant, albeit with a fixed term of no less than 55 years, shall be acceptable if necessary, as verified by the Los Angeles Housing Department if such shorter covenant period is necessary for the Project to meet the requirements of the Project's other funding sources, such as a "true debt for tax credit financing. **Subordination**: The Regulatory Agreement for ULA designated units will not be subordinated. The LAHD will require other lenders (senior and junior) to execute a Subordination Agreement to subordinate to the ULA Regulatory Agreement. The LAHD will, however, subordinate its Deed of Trust, with right to cure, to conventional loans and other public lenders.
Threshold Requirements	Threshold Requirements are enumerated in the table below: **Threshold Item** | **Required Documents**

1: Project demonstrates Financial Feasibility	**Document 1:** Completed UNOFA Application and Financial Proforma;
2: Project sponsor must disclose potential conflicts of interest and legal/financial liabilities	**Document 2:** Sponsor must submit a signed certification disclosing all partnerships, corporations, all properties owned by the applicant, and other entities in which the sponsor is a principal (identities of interest, conflicts of interest and default/foreclosures);
3: Project must have Site Control and Clean Title	**Document 3:** Fully Executed Purchase and Sale Agreement (PSA), Development and Disposition Agreement (DDA), etc.; and, Preliminary Title Report; Projects applying for HUD-funded programs must also provide Proof of Voluntary Acquisition;
4. Project sponsor must submit documents for Sponsor Underwriting	**Document 4:** Project sponsor must submit organizational documents of the sponsor including: Project sponsor must submit Audited Financial Statements (AFSs) with lookback period of three (3) years, and a Real Estate Owned (REO) Schedule; See Section 5, Document 4: Submission of Documents for Sponsor Underwriting in the Homes for LA NOFA Regulations for a full list of items to be submitted for Sponsor Underwriting;
5: Project site valuation must be supported by an appraisal	**Document 5:** Project sponsor must submit a certified appraisal for new construction projects;
6: Project sponsor must commission Environmental Site Assessments (ESAs) and remediate hazards	**Document 6:** Project sponsor must submit recent Phase I and/or Phase II ESAs, however, a full Phase I ESA is **not** required for Single Family Housing Rehab but is required for Multi-family Housing Rehab (5 units or more) and non-residential properties per 24 CFR 58.5(i)(2)(ii);
7: New Construction projects must undergo evaluation of geo-technical	**Document 7:** Project sponsor must submit a Soils Report;

engineering of subsurface soils	
8: Projects involving demolition must identify lead and asbestos hazards	**Document 8:** For projects built prior to 1978, projects involving demolition, a lead and asbestos hazards assessment is required. If the building was built before 1978 and the intent is to completely demolish the building, the applicant may submit a letter in lieu of a lead test and/or asbestos report;
9: Projects must show comply with architectural standards;	**Document 9:** Project sponsor must submit architectural plans and an electronic copy of the Architect's License. Applications opting for the Enhanced Accessibility Program points must include compliant features as part of the submission. Project Sponsors must submit architectural plans that comply with all the requirements outlined for the type of project proposed: - New Construction Requirements;
10: Project sponsor must provide a self-score for the Homes for LA NOFA funding program for which it is applying	**Document 10:** Project sponsor must provide a Self-Score Form for Competitive Criteria, which must also certify that the applicant has fully read through the Homes for LA NOFA Regulations;
11: Project sponsor must provide relocation assistance to projects involving displacement of qualified households	**Document 11:** Project sponsor must provide a Relocation Assistance and Construction Phasing Plan, with the exception of the Tenant Habitability Program, if the project involves displacement of qualified households; this relocation plan needs to be done by a City approved 3rd party. Project sponsor providing relocation assistance through the Tenant Habitability Program must submit a Tenant Habitability Plan;

12: Project must comply with Housing Crisis Act (HCA), Resident Protection Ordinance (RPO), and United to House LA (ULA) replacement requirements	**Document 12:** Project sponsor must submit a Replacement Unit Determination (RUD);
13: Project must comply with Accessibility Standards	**Document 13:** Accessibility Compliance Self-Certification Form and optional Enhanced Accessibility Program (EAP) Checklist;
14: Sponsor must commit to timely completion of work	**Document 14:** Sponsor must submit a Milestones Commitment Letter;
15: Sponsor must certify compliance with LAHD business policy and general City requirements	**Document 15:** Sponsor must submit an Assurances and Conditions via the UNOFA platform;
16: For projects with tax credits in the capital stack only, project must demonstrate competitiveness for tax credits	**Document 16:** Projected self-score and tiebreaker for CTCAC application or CDLAC application;
17: For Permanent Supportive Housing (PSH) projects only, sponsor must demonstrate commitment of operating/rental subsidy	**Document 17:** Evidence of committed Project-Based Vouchers (PBVs) or other long-term operating subsidy
21: For ULA projects with at least 40 units only, construction must comply with a Project Labor Agreement	**Document 21:** For ULA and Pooled Sources-funded projects with 40 or more units, project sponsor must submit Letter of Assent attesting that it will comply with all the terms and conditions of the City of Los Angeles Board of Public Works Master Project Labor Agreement;

Evaluation and Scoring Criteria

LAHD underwriting staff will eliminate applications from consideration of the ULA Multifamily Affordable Housing Program if they fail to meet LAHD's developer capacity requirements, if they fail to meet cash flow and debt service coverage requirements OR if they fail to receive at least eight (8) points in Feasibility: Sponsor Underwriting. Scoring for this criterion is described under Section 3.20 and 7.1 of the 2026-2027 Homes for LA NOFA Regulations.

If the project is determined to meet Threshold Criteria, the project will be subject to the below scoring table:

All New Construction Base Scoring	Points
Feasibility: Sponsor Underwriting	15
Feasibility: Project Underwriting	15
Site Efficiency and Cost Effectiveness	25
Entitlement Readiness or By-Right/Ministerial Projects	15
Contributions of Land at Less Than Fair Market Value (FMV), Public Land or Land from Faith-Based Orgs	5
Priority Geographies (TCAC Opportunity Maps)	5
Priority Populations (3BR units or Special Needs or ALI/ELI)	5
Enhanced Accessibility Program	5
TOTAL BASE SCORE	**90**

All ULA Multifamily Affordable Housing projects will be subject to the following scoring requirements.

ULA Multifamily	Points
TCAC/CDLAC Scoring Competitiveness	25

All definitions for each scoring criteria are described in the primary Homes for LA NOFA Regulations.

Los Angeles Housing Department Term Sheet
Pooled Sources: Multifamily

Program Description	The Pooled Sources: Multifamily Program is offered by the City of Los Angeles to develop affordable housing aimed at low and very-low-income households. This initiative seeks to increase the supply of affordable rental units. The Pooled Sources: Multifamily Program may be used for the development of new affordable housing with LIHTCs. LAHD expects to begin accepting applications on October 13, 2026. Sponsor Underwriting materials will be due on November 13, 2026. All other application materials will be due on December 4, 2026.
Available Capital Funds	Through this Homes for LA NOFA, LAHD will provide up to **$115,462,625.71** in Pooled Sources: Multifamily Program funds for the development of affordable housing in the City of Los Angeles. Funding is to be provided through the Los Angeles Affordable Housing Solutions Agency (LACAHSA) PPO New Construction funding and California Permanent Local Housing Allocation (SB2) funds. The LACAHSA PPO New Construction funding source can only support projects that do not yet have Temporary Certificate of Occupancy (TCO) or Certificate of Occupancy (COO). Additional information about LACAHSA requirements can be found in SB 679 and Measure A, the statutes which established and funded LACAHSA, respectively. The LACAHSA board-approved Program Guidelines further interpret and elaborate on the uses and requirements of the PPO New Construction funding source. The Program Guidelines can be found on LACAHSA's website. SB2 funds can only support new construction projects that are at or below 60% AMI. SB2 funds can only support preservation projects that are at or below 30% AMI. The total amount of available capital funds will be confirmed with the publication of the Homes for LA NOFA.
Eligible Applicants	Non-profit developers, for-profit developers, joint ventures, limited liability corporations, and limited partnerships.
Eligible Projects and Requirements	<u>Eligible Project Types:</u> ● Projects must be either: ○ New construction and/or conversion of non-residential structures into affordable housing (adaptive reuse), using tax credits <u>Project Size:</u>

	• Minimum 20 units Labor Compliance: • All projects must pay State Prevailing Wage. • All projects with 40 or more units must comply with the City of Los Angeles Department of Public Works Master Project Labor Agreement (PLA) or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council. Outside Leveraging: • It is expected that projects under this program apply for LIHTCs • Project financing must include existing commitments from federal, state, county or non-City funding sources, or a commitment and demonstrated capacity to pursue the same within the project timeline.
Affordability Requirements and Rent Schedules	Affordability Requirements: *LACAHSA Affordability Requirements:* *Several affordability mixes are allowable under the LACAHSA FY26-27 Program Guidelines published in April 2026. Those Guidelines can be accessed here (see pages 9 and 10 for the affordability requirements). However, these funds are intended to be leveraged with LIHTCs and applications will need to demonstrate competitiveness in order to receive full points. In other words, there are several income mixes that allow higher AMIs, but the Department will prioritize competitiveness for tax credits over higher AMI mixes. Despite these possibilities the Department will maintain the following requirements:* • At least 25% of units must be at reserved for extremely low-income households, as defined in Health and Safety Code Section 50106 (extremely low-income households are defined as households with incomes at or below 30 percent of the Area Median Income—AMI) • At least 25% of units must be reserved for very low-income households, as defined in Health and Safety Code Section 50105 (very low-income households are defined as households with incomes at or below 50 percent of AMI). *SB2 Affordability Requirements:* • Except for the manager's unit(s), new construction projects must have 100% of units at or below 60 percent of AMI. • Except for the manager's unit(s), preservation projects must have 100% of units at or below 30 percent of AMI.

	Rent Schedules: ● LAHD will apply HUD/LIHTC income targeting and rent schedules.
Eligible Activities	● Acquisition costs; ● Developer fee; ● Reimbursement of predevelopment costs, including professional fees, and consultant costs; ● Construction: Ground-up development of new affordable housing projects and Adaptive Reuse; ● Land Acquisition: Purchasing land to develop affordable housing; ● Tenant Relocation Assistance: Costs associated with relocating existing residents during project development. Activities must be directly tied to the creation or improvement of affordable housing options.
Ineligible Activities	● Funding of any work on existing structures that currently have a temporary certificate of occupancy (TCO) or a certificate of occupancy (COO). ● Substitution for any committed permanent project financing source, unless the substitution was approved at the time of commitment. ● Costs associated with units not funded by the City of Los Angeles. ● Commercial space or tenant improvements. ● Reimbursement for project costs that have been paid by another project funding source unless the reimbursement was approved at the time of commitment. ● Travel expenses, food, or meals. ● Application fees for other project financing. ● Office or general organizational expenses. ● Costs that would normally be paid by the Limited Partnership or Limited Liability Company. ● The payment of delinquent taxes, fees, or charges on properties. ● Projects that do not conform to local zoning laws or housing codes. ● Developments solely intended for commercial use or mixed-use projects without dedicated affordable housing components.
Loan Assistance and Term Limits	**Limit**: The maximum loan limit is up to 30% of total development cost. **Interest Rate**: Three Percent (3%) simple interest. LAHD reserves the right to determine a lower interest rate of no less than 1% if it is found to be necessary for project feasibility. **Term of Loan**: **Fifty-Seven (57) years** (i.e. a **24-month construction period** followed by a **fifty-five (55) year permanent loan period)**. LAHD reserves the right to negotiate a longer term if it is determined necessary for financial feasibility.

	Term of Affordability Covenant: The term of the affordability covenant is required to be fifty-five (55) years from completion of construction, or for the longest maximum period required by CTCAC, HCD, HUD, or CDLAC. **Type**: Construction (including reimbursement of acquisition and predevelopment costs) and Permanent loans. These loans will be provided in the form of residual receipts loans. **Subordination**: The Regulatory Agreement for LACAHSA designated units will not be subordinated. The LAHD will require other lenders (senior and junior) to execute a Subordination Agreement to subordinate to the LACAHSA Regulatory Agreement. The LAHD will, however, subordinate its Deed of Trust, with right to cure, to conventional loans and other public lenders.
Threshold Requirements	Threshold requirements for this program are enumerated in the table below:

Threshold Item	Required Documents
1: For all programs - Project demonstrates Financial Feasibility	**Document 1:** Completed UNOFA Application and Financial Proforma;
2: For all programs - Project sponsor must disclose potential conflicts of interest and legal/financial liabilities	**Document 2:** Sponsor must submit a signed certification disclosing all partnerships, corporations, all properties owned by the applicant, and other entities in which the sponsor is a principal (identities of interest, conflicts of interest and default/foreclosures);
3: For all programs - Project must have Site Control and Clear Title	**Document 3:** Fully Executed Purchase and Sale Agreement (PSA), Development and Disposition Agreement (DDA), etc.; and, Preliminary Title Report; Projects applying for HUD-funded programs must also provide Proof of Voluntary Acquisition;
4. Project sponsor must submit documents for Sponsor Underwriting	**Document 4:** Project sponsor must submit organizational documents of the sponsor including: Project sponsor must submit Audited

	Financial Statements (AFSs) with lookback period of three (3) years, and a Real Estate Owned (REO) Schedule; See Section 5, Document 4: Submission of Documents for Sponsor Underwriting in the Homes for LA NOFA Regulations for a full list of items to be submitted for Sponsor Underwriting;
5: For all new construction programs, Project site valuation must be supported by an appraisal	**Document 5:** Project sponsor must submit a certified appraisal for new construction projects; For preservation projects, sponsors may submit a property valuation;
6: For all new construction programs, Project sponsor must commission Environmental Site Assessments (ESAs) and remediate hazards	**Document 6:** Project sponsor must submit recent Phase I and/or Phase II ESAs, however, a full Phase I ESA is **not** required for Single Family Housing Rehab but is required for Multi-family Housing Rehab (5 units or more) and non-residential properties per 24 CFR 58.5(i)(2)(ii).
7: For all new construction programs, projects must undergo evaluation of geo-technical engineering of subsurface soils	**Document 7:** Project sponsor must submit a Soils Report;
8: For all projects involving demolition.	**Document 8:** For projects built prior to 1978, projects involving demolition, a lead and asbestos hazards assessment is required. If the building was built before 1978 and the intent is to completely demolish the building, the applicant may submit a letter in lieu of a lead test and/or asbestos report;
9: For all new construction programs, projects must comply with LAHD architectural standards;	**Document 9:** Project sponsor must submit architectural plans and an electronic copy of the Architect's License. Applications opting for the Enhanced Accessibility Program

	points must include compliant features as part of the submission. Project Sponsors must submit architectural plans that comply with all the requirements outlined for the type of project proposed: - New Construction Requirements
10: For all programs, the project sponsor must provide a self-score for the Homes for LA NOFA funding program for which it is applying	**Document 10:** Project sponsor must provide a Self-Score Form for Competitive Criteria, which must also certify that the applicant has fully read through the Homes for LA NOFA Regulations;
12: For all programs involving demolition of existing units, projects must comply with Housing Crisis Act (HCA), Resident Protection Ordinance (RPO), and United to House LA (ULA) replacement requirements	**Document 12:** Project sponsor must submit a Replacement Unit Determination (RUD);
13: For all programs, project must comply with Accessibility Standards	**Document 13:** Accessibility Compliance Self-Certification Form and optional Enhanced Accessibility Program (EAP) Checklist;
14: For all programs, Sponsor must commit to timely completion of work	**Document 14:** Sponsor must submit a Milestones Commitment Letter;
15: For all programs, Sponsor must certify compliance with LAHD business policy and general City requirements	**Document 15:** Sponsor must submit an Assurances and Conditions via the UNOFA platform;
16: For projects with tax credits in the capital stack only, project must demonstrate competitiveness for tax credits	**Document 16:** Projected self-score and tiebreaker for CTCAC application or CDLAC application;

17: For Permanent Supportive Housing (PSH) projects only, sponsor must demonstrate commitment of operating/rental subsidy	**Document 17:** Evidence of committed Project-Based Vouchers (PBVs) and/or other long-term operating subsidy;
21: For ULA and LACHSA-funded projects with at least 40 units only, construction must comply with a Project Labor Agreement	**Document 21:** For ULA and Pooled Sources-funded projects with 40 or more units, project sponsor must submit Letter of Assent attesting that it will comply with all the terms and conditions of the City of Los Angeles Board of Public Works Master Project Labor Agreement;

Evaluation and Scoring Criteria

LAHD underwriting staff will eliminate applications from consideration of the Pooled Sources: Multifamily Program if they fail to meet LAHD's developer capacity requirements, if they fail to meet cash flow and debt service coverage requirements OR if they fail to receive at least eight (8) points in Feasibility: Sponsor Underwriting. Scoring for this criterion is described under Section 3.20 and 7.1 of the 2026-2027 Homes for LA NOFA Regulations.

If the project is determined to meet Threshold Criteria, the project will be subject to the below scoring table:

All New Construction Base Scoring	Points
Feasibility: Sponsor Underwriting	15
Feasibility: Project Underwriting	15
Site Efficiency and Cost Effectiveness	25
Entitlement Readiness or By-Right/Ministerial Projects	15
Contributions of Land at Less Than Fair Market Value (FMV), Public Land or Land from Faith-Based Orgs	5
Priority Geographies (TCAC Opportunity Maps)	5
Priority Populations (3BR units or Special Needs or ALI/ELI)	5

Enhanced Accessibility Program	5
TOTAL BASE SCORE	**90**

All Pooled Sources Multifamily Program projects will be subject to the following scoring requirements:

Pooled Sources Multifamily	Points
TCAC/CDLAC Scoring Competitiveness	25
Project Labor Agreement	3

All definitions for each scoring criteria are described in the primary Homes for LA NOFA Regulations.

Los Angeles Housing Department Term Sheet
United to House Los Angeles (ULA) - Alternative Models: New Construction

Program Description	The United to House Los Angeles (ULA) program is a sustainable funding stream dedicated to affordable housing production and homelessness prevention in the City of Los Angeles. Through ULA, the City provides funding to the City's **Alternative Models: New Construction Program**, which supports the construction of permanently affordable, tenant-led models of affordable housing. The Los Angeles Housing Department (LAHD) intends to release a Notice of Funding Availability (NOFA), which will provide capital financing for the creation and operation of permanent affordable multifamily rental units. LAHD expects to begin accepting applications on October 13, 2026. Sponsor Underwriting materials will be due on November 13, 2026. All other application materials will be due on December 4, 2026.
Available Capital Funds	Through this Homes for LA NOFA, LAHD will provide up to an anticipated **$104,084,806** as part of the United To House Los Angeles (ULA) Alternative Models New Construction Program. Availability of funds for this Program is subject to approval of the proposed FY 2025-26 ULA Expenditure Plan by the Mayor and City Council. The total amount of available capital funds will be confirmed with the publication of the Homes for LA NOFA.
Eligible Applicants	Eligible Project Sponsors are public entities, local housing authorities, Community Land Trusts (CLTs), Limited Equity Housing Cooperatives (LEHCs), and 501(c)(3) non-profit entities. Partnerships such as General Partnerships, Limited Partnerships, and Limited Liability Companies (LLCs) may apply provided that the Managing General Partner is an eligible entity. A for-profit entity cannot be the Managing General Partner. <u>Tenant Governance Experience</u> Development teams must also demonstrate experience supporting tenant governance models. Developers that do not have capacity themselves to support tenant governance must partner with a locally-based Nonprofit organization that has a demonstrated history of managing residential properties under tenant governance models. Partnerships may take the form of General Partnerships, Limited Partnerships or Limited Liability Companies or other Special-Purpose Entities (SPEs) where the experienced Nonprofit has an ownership stake in the SPE, or fee-for-service contractual agreements with a Nonprofit demonstrating experience in tenant governance. Partnership documents must provide an outline of roles and responsibilities between developer and partner organization(s).

Eligible Projects and Requirements	Eligible Project Types: ● Projects must be new construction, including ADUs, and/or adaptive reuse of affordable housing. ● Projects must not be applying for or have already received 9% or 4% low-income housing tax-credits Project Size: ● Projects must have 40 or more units (new construction) Labor Compliance: ● Must pay prevailing wage ● All projects with 40 or more units must comply with the City of Los Angeles Department of Public Works Master Project Labor Agreement (PLA) or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council. Outside Leveraging: ● Leveraging of additional public sources is allowed so long as the outside funding sources do not preclude conversion to tenant ownership, permanent affordability, or any other requirements in the ULA measure and ordinance. ● These projects are not to be paired with 9% or 4% low-income housing tax credits. Project Resale: ● Resale of rental property is restricted to Nonprofits, Limited Equity Housing Cooperatives (LEHCs) and/or Community Land Trusts (CLTs)
Affordability Requirements and Rent Schedules	Affordability Requirements: ● A minimum of 20% of the total project units must be restricted to Acutely Low Income (ALI) and/or Extremely Low Income (ELI) Households (15% Area Median Income (AMI) and/or 30% AMI and below, respectively). ● Up to 20% of the total project units may be unrestricted with respect to rents and household incomes if necessary to make the project financially feasible in accordance with Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)(b)(4), but all other units must be restricted to be affordable to Lower Income Households (80% AMI and

	below). Rent Schedules: ● All deed restricted affordable units must be affordable in perpetuity with exceptions for projects needing 55-year covenants for underwriting feasibility, with AMI limits set at the project rather than unit level, and with a suggested average of 60% AMI across each project, subject to City Attorney approval of the regulatory covenant. ● LAHD will apply HUD/LIHTC income targeting and rent schedules, with the exception of when the project or units in the project are subject to regulatory agreements that require Health and Safety Code income targeting and rent schedules.
Eligible Activities	● Acquisition costs during predevelopment; ● Predevelopment costs, including, but not limited to, costs for architectural plans and renderings, Environmental Review and Historic Preservation; and Phase I Environmental Assessment Report, Phase II Environmental Assessment Report (if required), and Lead/Asbestos Reports as defined in the Department's Homes for LA NOFA Regulations; ● Construction and financing costs, including but not limited to, demolition, off-site public improvements, construction bonds, general contractor and subcontractor payments including overhead, profit, and general conditions; ● Soft costs related to the construction and development of the project, including conventional financing, design, program, financing, and entitlement processing, developer fees, legal fees, and professional fees; ● Relocation and related expenses; ● Costs associated with market-rate units provided only for the purpose of increasing project financial stability in accordance with Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)(b)(4)
Ineligible Activities	● Substitution for any committed permanent project financing source, unless the substitution was approved at the time of commitment. ● Costs associated with units not funded by the City of Los Angeles. ● Reimbursement for project costs that have been paid by another project funding source, unless the reimbursement was approved at the time of commitment. ● Travel expenses, food, or meals. ● Application fees for other project financing.

	● Office or general organizational expenses. ● Costs that would normally be paid by the Limited Partnership or Limited Liability Company. ● The payment of delinquent taxes, fees, or charges on properties.
Loan Assistance and Term Limits	**Limit**: The maximum loan limit is up to 80% of the Total Development Cost (TDC). **Type**: Predevelopment, construction (including reimbursement of acquisition and predevelopment costs) and Permanent financing. LAHD will have the discretion to structure its loan products based on market needs, including but not limited to residual receipt loans, other types of subordinate loans, or mezzanine loans. **Interest Rate**: Three percent (3%) simple interest. LAHD reserves the right to determine a lower interest rate of no less than 1% if it is found to be necessary for project feasibility. **Term of Loan:** Fifty-seven (57) years (i.e. a 24-month construction period followed by a 55-year permanent loan period). LAHD reserves the right to negotiate a longer term if it is determined necessary for financial feasibility. **Term of Affordability Covenant**: The term of the affordability restrictions in the Regulatory Agreement shall be in perpetuity (or such shorter period of time as may be required by applicable law); provided, however, that for projects qualifying for federal or state government- sponsored entity loan programs, LAHD, shall, based on a Department finding of extraordinary need, have flexibility to structure the terms in its loan documents and/or covenants or restrictions in regulatory documents, so that the project as underwritten at closing is financially feasible and compatible with such program requirements. **Subordination**: The Regulatory Agreement for ULA designated units will **not** be subordinated. The LAHD will require other lenders (senior and junior) to execute a Subordination Agreement to subordinate to the ULA Regulatory Agreement. The LAHD will, however, generally subordinate its Deed of Trust, with right to cure, to conventional loans and other public lenders.

Threshold Requirements

The threshold requirements are enumerated in the table below:

Threshold Item	Required Documents
1: Project demonstrates Financial Feasibility	**Document 1:** Completed UNOFA Application and Financial Proforma;
2: Project sponsor must disclose potential conflicts of interest and legal/financial liabilities	**Document 2:** Sponsor must submit a signed certification disclosing all partnerships, corporations, all properties owned by the applicant, and other entities in which the sponsor is a principal (identities of interest, conflicts of interest and default/foreclosures);
3: Project must have Site Control and Clean Title	**Document 3:** Fully Executed Purchase and Sale Agreement (PSA), Development and Disposition Agreement (DDA), etc.; and, Preliminary Title Report ; Projects applying for HUD-funded programs must also provide Proof of Voluntary Acquisition;
4. Project sponsor must submit documents for Sponsor Underwriting	**Document 4:** Project sponsor must submit organizational documents of the sponsor including: Project sponsor must submit Audited Financial Statements (AFSs) with lookback period of three (3) years, and a Real Estate Owned (REO) Schedule; See Section 5, Document 4: Submission of Documents for Sponsor Underwriting in the Homes for LA NOFA Regulations for a full list of items to be submitted for Sponsor Underwriting;
5: Project site valuation must be supported by an appraisal	**Document 5:** Project sponsor must submit a certified appraisal;
6: Project sponsor must commission Environmental Site Assessments (ESAs) and remediate hazards	**Document 6:** Project sponsor must submit recent Phase I and/or Phase II ESAs, however, a full Phase I ESA is **not** required for Single Family Housing Rehab but is required for

	Multi-family Housing Rehab (5 units or more) and non-residential properties per 24 CFR 58.5(i)(2)(ii);
7: New Construction projects must undergo evaluation of geo-technical engineering of subsurface soils	**Document 7:** Project sponsor must submit a Soils Report;
8: Projects involving demolition must identify lead and asbestos hazards	**Document 8:** For projects built prior to 1978, projects involving demolition, a lead and asbestos hazards assessment is required. If the building was built before 1978 and the intent is to completely demolish the building, the applicant may submit a letter in lieu of a lead test and/or asbestos report;
9: Projects must comply with LAHD architectural standards	**Document 9:** Project sponsor must submit architectural plans and an electronic copy of the Architect's License. Applications opting for the Enhanced Accessibility Program points must include compliant features as part of the submission. Project Sponsors must submit architectural plans that comply with all the requirements outlined for the type of project proposed: - New Construction Requirements;
10: Project sponsor must provide a self-score for the Homes for LA NOFA funding program for which it is applying	**Document 10:** Project sponsor must provide a Self-Score Form for Competitive Criteria, which must also certify that the applicant has fully read through the Homes for LA NOFA Regulations;
11: Project sponsor must provide relocation assistance to projects involving displacement of qualified households	**Document 11:** Project sponsor must provide a Relocation Assistance and Construction Phasing Plan, with the exception of the Tenant Habitability Program, if the project involves

	displacement of qualified households; this relocation plan needs to be done by a City approved 3rd party. Project sponsor providing relocation assistance through the Tenant Habitability Program must submit a Tenant Habitability Plan;
12: Project must comply with Housing Crisis Act (HCA), Resident Protection Ordinance (RPO), and United to House LA (ULA) replacement requirements	**Document 12:** Project sponsor must submit a Replacement Unit Determination (RUD);
13: Project must comply with Accessibility Standards	**Document 13:** Accessibility Compliance Self-Certification Form and optional Enhanced Accessibility Program (EAP) Checklist;
14: Sponsor must commit to timely completion of work	**Document 14:** Sponsor must submit a Milestones Commitment Letter;
15: Sponsor must certify compliance with LAHD business policy and general City requirements	**Document 15:** Sponsor must submit an Assurances and Conditions via the UNOFA platform;
17: For Permanent Supportive Housing (PSH) projects only, sponsor must demonstrate commitment of operating/rental subsidy	Evidence of committed Project-Based Vouchers (PBVs) and/or other long-term operating subsidy;
21: For ULA projects with at least 40 units only, construction must comply with a Project Labor Agreement	**Document 21:** For ULA-funded projects with 40 or more units, project sponsor must submit Letter of Assent attesting that it will comply with all the terms and conditions of the Board of Public Works Master Project Labor Agreement;
22: For ULA Alternative Models projects only, Project must address neighborhood level needs	**Document 22:** Project sponsor must submit a Statement of Public Purpose;

	23: For ULA Alternative Models and ULA Acquisition & Rehabilitation projects only, Project must address racial disparities	**Document 23:** Project sponsor must provide a Racial Equity Commitment;
	24: For ULA Alternative Models and ULA Acquisition & Rehabilitation projects only, Project incorporates tenant governance and development team has tenant governance experience	**Document 24:** Project sponsor must submit a Resident Engagement and Leadership Plan; the sponsor must also show that a member of the development team has experience pertaining to the tenant governance, including through the provision of Community Agreements, meeting minutes from Resident Councils, or through trainings and resident attestations;
	25: For ULA Alternative Models projects only, Project sponsor must engage community to identify environmental hazards beyond baseline Environmental Site Assessments (ESA)	**Document 25:** Project sponsor must submit an Enhanced Environmental Health Commitment narrative for any projects located in an area at 80th percentile or above in the CalEnviroScreen 4.0;

Evaluation and Scoring Criteria

LAHD underwriting staff will eliminate applications from consideration of the ULA Alternative Models New Construction Program if they fail to meet LAHD's developer capacity requirements, if they fail to meet cash flow and debt service coverage requirements OR if they fail to receive at least eight (8) points in Feasibility: Sponsor Underwriting. Scoring for this criterion is described under Section 3.20 and 7.1 of the 2026-2027 Homes for LA NOFA Regulations.

There will be a first priority pool within this program for CLT and CLT partnership applications.

If the project is determined to meet Threshold Criteria, the project will be subject to the below scoring table:

All New Construction Base Scoring	Points
Feasibility: Sponsor Underwriting	15
Feasibility: Project Underwriting	15
Site Efficiency and Cost Effectiveness	25
Entitlement Readiness or By-Right/Ministerial Projects	15
Contributions of Land at Less Than Fair Market Value (FMV),	5

Public Land or Land from Faith-Based Orgs	
Priority Geographies (TCAC Opportunity Maps)	5
Priority Populations (3BR units or Special Needs or ALI/ELI)	5
Enhanced Accessibility Program	5
TOTAL BASE SCORE	**90**

All ULA Alternative Models New Construction projects will be subject to the following scoring requirements:

ULA Alt Models New Construction*	**Points**
Affordability: Option A with Deeper Affordability with 50% Average AMI for the Deed-Restricted Units Only Option B with Forgoing Market-rate Units for Deed-Restricted Moderate Income (80%-120% AMI) Units	5
Amenities	5
Previous Commitment of Funds (e.g., Philanthropic Funds) or In-Kind Contributions	20

All definitions for each scoring criteria are described in the primary Homes for LA NOFA Regulations.

Los Angeles Housing Department Term Sheet
United to House Los Angeles (ULA) - Acquisition and Rehabilitation: Preserving Affordability

Program Description	The United to House Los Angeles (ULA) program is a sustainable funding stream dedicated to affordable housing production and homelessness prevention in the City of Los Angeles. Through ULA, the City provides funding to the City's **Acquisition & Rehabilitation: Preserving Affordability Program**, which supports the acquisition, rehabilitation, and preservation of affordable housing. The Los Angeles Housing Department (LAHD) intends to release a Notice of Funding Availability (NOFA), which will provide capital financing for the creation and operation of permanent affordable multifamily rental units. LAHD expects to begin accepting applications on October 13, 2026. Sponsor Underwriting materials will be due on November 13, 2026. All other application materials will be due on December 4, 2026.
Available Capital Funds	Through this Homes for LA NOFA, LAHD will provide up to an anticipated **$32,684,989** as part of the United To House Los Angeles (ULA) Acquisition and Rehabilitation: Preserving Affordability program. Availability of funds for this Program is subject to approval of the proposed FY 2025-26 ULA Expenditure Plan by the Mayor and City Council. The total amount of available capital funds will be confirmed with the publication of the Homes for LA NOFA.
Eligible Applicants	Eligible Project Sponsors are public entities, local housing authorities, Community Land Trusts (CLTs), Limited Equity Housing Cooperatives (LEHCs), and 501(c)(3) non-profit entities. Partnerships such as General Partnerships, Limited Partnerships, and Limited Liability Companies (LLCs) may apply provided that the Managing General Partner is an eligible entity. A for-profit entity cannot be the Managing General Partner. <u>Tenant Governance Experience</u> Development teams must also demonstrate experience supporting tenant governance models. Developers that do not have capacity themselves to support tenant governance must partner with a locally-based Nonprofit organization that has a demonstrated history of managing residential properties under tenant governance models. Partnerships may take the form of General Partnerships, Limited Partnerships or Limited Liability Companies or other Special-Purpose Entities (SPEs) where the experienced Nonprofit has an ownership stake in the SPE, or fee-for-service contractual agreements with a Nonprofit demonstrating experience in tenant governance. Partnership documents must provide an outline of roles and responsibilities between developer and partner organization(s).

Eligible Projects and Requirements	Eligible Project Types: ● The project must be an existing residential building that is subject to a regulatory agreement that restricts some or all of its units with respect to household incomes and/or rents. In addition, the building must have an existing regulatory agreement that will expire within ten (10) years from the time of the application for funding. Project Size: ● The Acquisition Rehabilitation (Preservation) program has no maximum or minimum project size with respect to unit counts. Affordability Requirement Unique to Acquisition Rehabilitation (Preservation): ● Upon completion of preservation activities, all units must be covenanted to be affordable to households earning 80% Area Median Income (AMI) or below. Existing tenants should not be displaced if their incomes exceed 80% AMI or any lower income limits adopted for their unit. Unit affordability targets should be achieved over time through natural turnover. Labor Compliance: ● Must pay prevailing wage. ● If there will be major construction or rehabilitation on projects with 40 units or more, the project must comply with the City of Los Angeles Department of Public Works Master Project Labor Agreement (PLA) or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council. Outside Leveraging: ● Leveraging of non-ULA funding sources is only permissible if such additional funding does not preclude future conversion of the property to tenant ownership, permanent affordability, or any other requirements in the ULA measure and ordinance. Project Resale: ● Resale of rental property is restricted to Nonprofits, Limited Equity Housing Cooperatives (LEHCs) and/or Community Land Trusts (CLTs).
Affordability Requirements and Rent Schedules	Affordability Requirements: Except for the manager's unit(s), all units must be covenanted to be affordable to households earning 80% Area Median Income (AMI) or below. Rent Schedules: LAHD will apply HUD/LIHTC income targeting and rent schedules, with the exception of when projects or units in the project are subject to regulatory

	agreements that require Health and Safety Code income targeting and rent schedules. Projects that receive funding under the Acq/Rehab Program are eligible to adjust rents to TCAC levels, and to increase rents pursuant to TCAC and HCD rent increase limits, in conformance with Assembly Bill 846 (rent increases) and all other applicable law.
Eligible Activities	● Acquisition costs during predevelopment; ● Rehabilitation costs; ● Predevelopment costs, including, but not limited to, costs for architectural plans and renderings, Environmental Review and Historic Preservation; and Phase I Environmental Assessment Report, Phase II Environmental Assessment Report (if required), and Lead/Asbestos Reports as defined in the Department's Department's Homes for LA NOFA Regulations; ● Construction and financing costs, including demolition, off-site public improvements, construction bonds, general contractor and subcontractor payments including overhead, profit, and general conditions; ● Relocation and related expenses; ● Soft costs related to the construction and development of the project, including conventional financing, design, program, financing, and entitlement processing, developer fees, legal fees, and professional fees; and ● Replacement reserves; and ● Reasonable reserves for operating costs, for projects requiring short-term capitalized operating assistance, that are still able to demonstrate long-term financial viability without operating assistance except from Section 8 Housing Choice Vouchers or similar long-term rental housing vouchers.
Ineligible Activities	● Substitution for any committed permanent project financing source, unless the substitution was approved at the time of commitment. ● Costs associated with units not funded by the City of Los Angeles. ● Reimbursement for project costs that have been paid by another project funding source, unless the reimbursement was approved at the time of commitment. ● Travel expenses, food, or meals. ● Application fees for other project financing.

	• Office or general organizational expenses. • Costs that would normally be paid by the Limited Partnership or Limited Liability Company. • The payment of delinquent taxes, fees, or charges on properties.
Loan Assistance and Term Limits	**Limit**: The maximum loan limit is up to 30% of total development cost. LAHD reserves the right to increase the maximum amount per project on a case-by-case basis. **Type**: Construction (including reimbursement of acquisition and predevelopment costs) and Permanent loans. Permanent loans may allow for transfer of ownership to a legal entity owned and/or controlled by residents. These loans will be provided in the form of residual receipts loans. **Interest Rate**: Three Percent (3%) simple interest. LAHD reserves the right to determine a lower interest rate of no less than 1% if it is found to be necessary for project feasibility. **Term of Loan**: If the loan is issued as an amortizing loan, the term of the loan will be sixty (60) years (i.e. a 24-month construction period followed by a 58-year permanent loan period). LAHD reserves the right to negotiate a longer term if it is determined necessary for financial feasibility. If the loan is issued as a residual receipt loan, the term of the loan will be fifty-seven (57) years (i.e. a 24-month construction period followed by a 55-year permanent loan period). LAHD reserves the right to negotiate a longer term if it is determined necessary for financial feasibility. **Term of Affordability Covenant:** The term of the affordability restrictions in the Regulatory Agreement shall be in perpetuity (or such shorter period of time as may be required by applicable law); provided, however, that for projects qualifying for LIHTC, tax-exempt bonds, or federal or state government-sponsored entity loan programs, LAHD shall, based on a Department finding of extraordinary need, have flexibility to structure the terms in its loan documents and/or covenants or restrictions in. **Subordination**: The Regulatory Agreement for ULA designated units will **not** be subordinated. The LAHD will require other lenders (senior and junior) to execute a Subordination Agreement to subordinate to the ULA Regulatory Agreement. LAHD will, however, generally subordinate its Deed of Trust, with right to cure, to conventional loans and other public lenders.
Threshold Requirements	Threshold Requirements are enumerated in the table below:

Threshold Item	Required Documents

1: Project demonstrates Financial Feasibility	**Document 1:** Completed UNOFA Application and Financial Proforma;
2: Project sponsor must disclose potential conflicts of interest and legal/financial liabilities	**Document 2:** Sponsor must submit a signed certification disclosing all partnerships, corporations, all properties owned by the applicant, and other entities in which the sponsor is a principal (identities of interest, conflicts of interest and default/foreclosures);
3: Project must have Site Control and Clear Title	**Document 3:** Fully Executed Purchase and Sale Agreement (PSA), Development and Disposition Agreement (DDA), etc.; and, Preliminary Title Report; Projects applying for HUD-funded programs must also provide Proof of Voluntary Acquisition;
4. Project sponsor must submit documents for Sponsor Underwriting	**Document 4:** Project sponsor must submit organizational documents of the sponsor including: Project sponsor must submit Audited Financial Statements (AFSs) with lookback period of three (3) years, and a Real Estate Owned (REO) Schedule; See Section 5, Document 4: Submission of Documents for Sponsor Underwriting in the Homes for LA NOFA Regulations for a full list of items to be submitted for Sponsor Underwriting;
5: Project site valuation must be supported by an appraisal	**Document 5:** For preservation projects, sponsors may submit a property valuation;
6: Project sponsor must commission Environmental Site Assessments (ESAs) and remediate hazards	**Document 6:** Project sponsor must submit recent Phase I and/or Phase II ESAs, however, a full Phase I ESA is **not** required for Single Family Housing Rehab but is required for Multi-family Housing Rehab (5 units or more) and non-residential properties per 24 CFR 58.5(i)(2)(ii);
7: New Construction projects must undergo evaluation of geo-technical engineering of subsurface soils	**Document 7:** Project sponsor must submit a Soils Report;

8: Projects involving demolition must identify lead and asbestos hazards	**Document 8:** For projects built prior to 1978, projects involving demolition, a lead and asbestos hazards assessment is required. If the building was built before 1978 and the intent is to completely demolish the building, the applicant may submit a letter in lieu of a lead test and/or asbestos report;
9: Projects must show comply with architectural standards; ULA New Construction projects must meet a 40 unit count minimum	**Document 9:** Project sponsor must submit architectural plans and an electronic copy of the Architect's License. Applications opting for the Enhanced Accessibility Program points must include compliant features as part of the submission. Project Sponsors must submit architectural plans that comply with all the requirements outlined for the type of project proposed: - Rehabilitation/Preservation Requirements Rehabilitation and/or Preservation projects must also include the following completed documents: - Alteration vs. New Construction Comparison Excel Worksheet - Detailed Scope of Work;
10: Project sponsor must provide a self-score for the Homes for LA NOFA funding program for which it is applying	**Document 10:** Project sponsor must provide a Self-Score Form for Competitive Criteria, which must also certify that the applicant has fully read through the Homes for LA NOFA Regulations;
11: Project sponsor must provide relocation assistance to projects involving displacement of qualified households	**Document 11:** Project sponsor must provide a Relocation Assistance and Construction Phasing Plan, with the exception of the Tenant Habitability Program, if the project involves displacement of qualified households; this relocation plan needs to be done by a City approved 3rd party. Project sponsor providing relocation assistance through the Tenant Habitability

	Program must submit a Tenant Habitability Plan;
12: Project must comply with Housing Crisis Act (HCA), Resident Protection Ordinance (RPO), and United to House LA (ULA) replacement requirements	**Document 12:** Project sponsor must submit a Replacement Unit Determination (RUD);
13: Project must comply with Accessibility Standards	**Document 13:** Accessibility Compliance Self-Certification Form and optional Enhanced Accessibility Program (EAP) Checklist;
14: Sponsor must commit to timely completion of work	**Document 14:** Sponsor must submit a Milestones Commitment Letter;
15: Sponsor must certify compliance with LAHD business policy and general City requirements	**Document 15:** Sponsor must submit an Assurances and Conditions via the UNOFA platform;
16: Project must demonstrate competitiveness for tax credits	**Document 16:** Projected self-score and tiebreaker for CTCAC application or CDLAC application;
17: For Permanent Supportive Housing (PSH) projects only, sponsor must demonstrate commitment of operating/rental subsidy	**Document 17:** Evidence of committed Project-Based Vouchers (PBVs) or other long-term operating subsidy;
18: Sponsors must assess deferred maintenance and capital needs	**Document 18:** Sponsor must submit a Capital Needs Assessment (CNA) and a Scope of Work (SOW) for capital improvements;
19: Sponsors must demonstrate that project has expiring covenants	**Document 19:** Sponsor must provide the deed of trust and covenant agreement on the property with expiring covenants or expiring Housing Assistance Payment (HAP) contract;
21: For ULA projects with at least 40 units only, construction must comply	**Document 21:** For ULA and Pooled Sources-funded projects with 40 or more units, project sponsor must submit Letter of Assent attesting that it will comply with all

with a Project Labor Agreement	the terms and conditions of the City of Los Angeles Board of Public Works Master Project Labor Agreement
23: For ULA Alternative Models and ULA Acquisition & Rehabilitation projects only, Project must address racial disparities	**Document 23:** Project sponsor must provide a Racial Equity Commitment;
24: For ULA Alternative Models and ULA Acquisition & Rehabilitation projects only, Project incorporates tenant governance and development team has tenant governance experience	**Document 24:** Project sponsor must submit a Resident Engagement and Leadership Plan; the sponsor must also show that a member of the development team has experience pertaining to the tenant governance, including through the provision of Community Agreements, meeting minutes from Resident Councils, or through trainings and resident attestations;

Evaluation and Scoring Criteria

LAHD underwriting staff will eliminate applications from consideration of the ULA Acquisition and Rehabilitation: Preserving Affordability Program if they fail to meet LAHD's developer capacity requirements, if they fail to meet cash flow and debt service coverage requirements OR if they fail to receive at least eight (8) points in Feasibility: Sponsor Underwriting. Scoring for this criterion is described under Section 3.20 and 7.1 of the 2026-2027 Homes for LA NOFA Regulations.

Applicants determined to have passed Threshold Review will be scored and prioritized for funding based on the following scoring priorities:

All Preservation Base Scoring	Points
Feasibility: Sponsor Underwriting	15
Feasibility: Project Underwriting	15
Project Preservation Plan	25
Risk of Affordability Loss	15
Priority Populations (Special Needs or ALI/ELI)	5
Feasibility of Accessibility Improvements	5
Enhanced Accessibility Program	5
TOTAL BASE SCORE	**85**

All ULA Acquisition and Rehabilitation projects will be subject to the following scoring requirements:

ULA Acq/Rehab Preservation	Points
TCAC/CDLAC Scoring Competitiveness	25
History of Tenant Engagement	10

All definitions for each scoring criteria are described in the primary Homes for LA NOFA Regulations.

Los Angeles Housing Department Term Sheet
United to House Los Angeles (ULA) - Alternative Models: Preservation

Program Description	The United to House Los Angeles (ULA) program is a sustainable funding stream dedicated to affordable housing production and homelessness prevention in the City of Los Angeles. Through ULA, the City provides funding to the City's **Alternative Models Preservation Program**, which supports the rehabilitation and preservation of affordable housing. The Los Angeles Housing Department (LAHD) intends to release a Notice of Funding Availability (NOFA), which will provide capital financing for the preservation of permanent affordable multifamily rental units. LAHD expects to begin accepting applications on October 13, 2026. Sponsor Underwriting materials will be due on November 13, 2026. All other application materials will be due on December 4, 2026.
Available Capital Funds	Through this Homes for LA NOFA, LAHD will provide up to an anticipated **$25,434,883** as part of the United To House Los Angeles (ULA) Alternative Models Preservation Program. Availability of funds for this Program is subject to approval of the proposed FY 2025-26 ULA Expenditure Plan by the Mayor and City Council. The total amount of available capital funds will be confirmed with the publication of the Homes for LA NOFA.
Eligible Applicants	Eligible Project Sponsors are public entities, local housing authorities, Community Land Trusts (CLTs), Limited Equity Housing Cooperatives (LEHCs), and 501(c)(3) non-profit entities. Partnerships such as General Partnerships, Limited Partnerships, and Limited Liability Companies (LLCs) may apply provided that the Managing General Partner is an eligible entity. <u>Tenant Governance Experience</u> Development teams must also demonstrate experience supporting tenant governance models. Developers that do not have capacity themselves to support tenant governance must partner with a locally-based Nonprofit organization that has a demonstrated history of managing residential properties under tenant governance models. Partnerships may take the form of General Partnerships, Limited Partnerships or Limited Liability Companies or other Special-Purpose Entities (SPEs) where the experienced Nonprofit has an ownership stake in the SPE, or fee-for-service contractual agreements with a Nonprofit demonstrating experience in tenant governance. Partnership documents must provide an outline of roles and responsibilities between developer and partner organization(s).
Eligible Projects and Requirements	<u>Eligible Project Type</u>: • The project must be an existing residential building that is under significant financial distress and/or projects with expiring or expired covenants

	requiring major capital improvements. Project Size: ● The Alternative Models Preservation Program has no maximum or minimum project size with respect to unit counts. Labor Compliance: ● Must pay prevailing wage. ● If there will be major construction or rehabilitation on projects with 40 units or more, the project must comply with the City of Los Angeles Department of Public Works Master Project Labor Agreement (PLA) or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council. Outside Leveraging: ● Leveraging of non-ULA funding sources is only permissible if such additional funding does not preclude future conversion of the property to tenant ownership, permanent affordability, or any other requirements in the ULA measure and ordinance. ● This subsidy may be combined with funding from the LAHD and other agencies, including loans provided through Measure ULA and other applicable programs. ● These projects are not allowed to be paired with LIHTC funding. Project Resale: ● Resale of rental property is restricted to Nonprofits, Limited Equity Housing Cooperatives (LEHCs) and/or Community Land Trusts (CLTs)
Affordability Requirements and Rent Schedules	Affordability Requirements ● A minimum of 20% of the total project units must be restricted to Acutely Low Income (ALI) and/or Extremely Low Income (ELI) Households (15% Area Median Income (AMI) and/or 30% AMI and below, respectively). Existing tenants should not be displaced if their incomes exceed newly adopted limits under this program. Unit affordability targets should be achieved over time through natural unit turnover. ● Up to 20% of the total project units may be unrestricted with respect to rents and household incomes if necessary to make the project financially feasible in accordance with Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)(b)(4), but all other units must be restricted to be affordable to Lower Income Households (80% AMI and below). If the unrestricted units are occupied at the time of the project's participation in the Preservation Program, existing tenants should not be displaced. Units

	should instead float to the higher rent target over time through natural unit turnover. <u>Rent Schedules</u> ● All deed restricted affordable units must be affordable in perpetuity, as defined under Loan Terms, with AMI limits set at the project rather than unit level, and a suggested average of 60% AMI across each project, subject to City Attorney approval of the regulatory agreement. ● LAHD will apply HUD/LIHTC income targeting and rent schedules, with the exception of when the project or units in the project are subject to regulatory agreements that require Health and Safety Code income targeting and rent schedules.
Eligible Activities	● Rehabilitation: Renovation of existing structures to meet affordable housing standards; ● Tenant Relocation Assistance: Costs associated with relocating existing residents during project development. Activities must be directly tied to the creation or improvement of affordable housing options. ● Costs associated with market-rate units provided only for the purpose increasing project financial stability in accordance with Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)(b)(4); and ● Reasonable reserves for operating costs, for projects requiring short-term capitalized operating assistance, that are still able to demonstrate long-term financial viability without operating assistance except from Section 8 Housing Choice Vouchers or similar long-term rental housing vouchers.
Ineligible Activities	● Substitution for any committed permanent project financing source, unless the substitution was approved at the time of commitment. ● Costs associated with units not funded by the City of Los Angeles. ● Commercial space or tenant improvements. ● Reimbursement for project costs that have been paid by another project funding source unless the reimbursement was approved at the time of commitment. ● Travel expenses, food, or meals. ● Application fees for other project financing. ● Office or general organizational expenses. ● Costs that would normally be paid by the Limited Partnership or Limited Liability Company.

- The payment of delinquent taxes, fees, or charges on properties.
- Projects that do not conform to local zoning laws or housing codes.
- Developments solely intended for commercial use or mixed-use projects without dedicated affordable housing components.
- Costs associated with operations unrelated to the development or improvement of affordable housing, such as luxury amenities that do not serve low-income residents.
- Any application submitted post-deadline will not be accepted, impacting both processing and funding opportunities.

Loan Assistance and Term Limits

Limit: The maximum loan limit is 100% of total development cost.

Interest Rate: Three Percent (3%) simple interest. LAHD reserves the right to determine a lower interest rate of no less than 1% if it is found to be necessary for project feasibility.

Term of Loan: The permanent loan term shall be no less than **fifty-seven (57) years**

Term of Affordability Covenant: The term of the affordability restrictions in the Regulatory Agreement shall be in perpetuity (or such shorter period of time as may be required by applicable law); provided, however, that for projects qualifying for LIHTC, tax-exempt bonds, or federal or state government-sponsored entity loan programs, LAHD, shall, based on a Department finding of extraordinary need, have flexibility to structure the terms in its loan documents and/or covenants or restrictions in regulatory documents, so that the project as underwritten at closing is financially feasible and compatible with such program requirements.

Type: Rehabilitation/Construction and Permanent loans. These loans will be provided in the form of residual receipts loans. However, LAHD reserves the right to negotiate a fully amortizing loan if it is found to result in long-term financial feasibility.

Subordination: The Regulatory Agreement for ULA designated units will not be subordinated. The LAHD will require other lenders (senior and junior) to execute a Subordination Agreement to subordinate to the ULA Regulatory Agreement. The LAHD will, however, subordinate its Deed of Trust, with right to cure, to conventional loans and other public lenders.

Threshold Requirements

Threshold Requirements are enumerated in the table below:

Threshold Item	Required Documents
1: Project demonstrates Financial Feasibility	**Document 1:** Completed UNOFA Application and Financial Proforma;

2: Project sponsor must disclose potential conflicts of interest and legal/financial liabilities	**Document 2:** Sponsor must submit a signed certification disclosing all partnerships, corporations, all properties owned by the applicant, and other entities in which the sponsor is a principal (identities of interest, conflicts of interest and default/foreclosures);
3: Project must have Site Control and Clear Title	**Document 3:** Fully Executed Purchase and Sale Agreement (PSA), Development and Disposition Agreement (DDA), etc.; and, Preliminary Title Report; Projects applying for HUD-funded programs must also provide Proof of Voluntary Acquisition;
4. Project sponsor must submit documents for Sponsor Underwriting	**Document 4:** Project sponsor must submit organizational documents of the sponsor including: Project sponsor must submit Audited Financial Statements (AFSs) with lookback period of three (3) years, and a Real Estate Owned (REO) Schedule; See Section 5, Document 4: Submission of Documents for Sponsor Underwriting in the Homes for LA NOFA Regulations for a full list of items to be submitted for Sponsor Underwriting;
5: Project site valuation must be supported by an appraisal	**Document 5:** For preservation projects, sponsors may submit a property valuation;
6: Project sponsor must commission Environmental Site Assessments (ESAs) and remediate hazards	**Document 6:** Project sponsor must submit recent Phase I and/or Phase II ESAs, however, a full Phase I ESA is **not** required for Single Family Housing Rehab but is required for Multi-family Housing Rehab (5 units or more) and non-residential properties per 24 CFR 58.5(i)(2)(ii);
7: New Construction projects must undergo evaluation of geo-technical engineering of subsurface soils	**Document 7:** Project sponsor must submit a Soils Report;
8: Projects involving demolition must identify lead and asbestos hazards	**Document 8:** For projects built prior to 1978, projects involving demolition, a lead and asbestos hazards assessment is required. If the building was built before 1978 and the intent is to completely demolish the building,

	the applicant may submit a letter in lieu of a lead test and/or asbestos report;
9: Projects must show comply with architectural standards; ULA New Construction projects must meet a 40 unit count minimum	**Document 9:** Project sponsor must submit architectural plans and an electronic copy of the Architect's License. Applications opting for the Enhanced Accessibility Program points must include compliant features as part of the submission. Project Sponsors must submit architectural plans that comply with all the requirements outlined for the type of project proposed: - Rehabilitation/Preservation Requirements Rehabilitation and/or Preservation projects must also include the following completed documents: - Alteration vs. New Construction Comparison Excel Worksheet - Detailed Scope of Work;
10: Project sponsor must provide a self-score for the Homes for LA NOFA funding program for which it is applying	**Document 10:** Project sponsor must provide a Self-Score Form for Competitive Criteria, which must also certify that the applicant has fully read through the Homes for LA NOFA Regulations;
11: Project sponsor must provide relocation assistance to projects involving displacement of qualified households	**Document 11:** Project sponsor must provide a Relocation Assistance and Construction Phasing Plan, with the exception of the Tenant Habitability Program, if the project involves displacement of qualified households; this relocation plan needs to be done by a City approved 3rd party. Project sponsor providing relocation assistance through the Tenant Habitability Program must submit a Tenant Habitability Plan;

12: Project must comply with Housing Crisis Act (HCA), Resident Protection Ordinance (RPO), and United to House LA (ULA) replacement requirements	**Document 12:** Project sponsor must submit a Replacement Unit Determination (RUD);
13: Project must comply with Accessibility Standards	**Document 13:** Accessibility Compliance Self-Certification Form and optional Enhanced Accessibility Program (EAP) Checklist;
14: Sponsor must commit to timely completion of work	**Document 14:** Sponsor must submit a Milestones Commitment Letter;
15: Sponsor must certify compliance with LAHD business policy and general City requirements	**Document 15:** Sponsor must submit an Assurances and Conditions via the UNOFA platform;
17: For Permanent Supportive Housing (PSH) projects only, sponsor must demonstrate commitment of operating/rental subsidy	**Document 17:** Evidence of committed Project-Based Vouchers (PBVs) and/or other long-term operating subsidy;
18: For Preservation projects only, Sponsors must assess deferred maintenance and capital needs	**Document 18:** Sponsor must submit a Capital Needs Assessment (CNA) and a Scope of Work (SOW) for capital improvements;
21: For ULA projects with at least 40 units only, construction must comply with a Project Labor Agreement	**Document 21:** For ULA and Pooled Sources-funded projects with 40 or more units, project sponsor must submit Letter of Assent attesting that it will comply with all the terms and conditions of the City of Los Angeles Board of Public Works Master Project Labor Agreement;
22: For ULA Alternative Models projects only, Project must address neighborhood level needs	**Document 22:** Project sponsor must submit a Statement of Public Purpose;
23: For ULA Alternative Models and ULA Acquisition & Rehabilitation projects	**Document 23:** Project sponsor must provide a Racial Equity Commitment;

only, Project must address racial disparities	
24: For ULA Alternative Models and ULA Acquisition & Rehabilitation projects only, Project incorporates tenant governance and development team has tenant governance experience	**Document 24:** Project sponsor must submit a Resident Engagement and Leadership Plan; the sponsor must also show that a member of the development team has experience pertaining to the tenant governance, including through the provision of Community Agreements, meeting minutes from Resident Councils, or through trainings and resident attestations;
25: For ULA Alternative Models projects only, Project sponsor must engage community to identify environmental hazards beyond baseline Environmental Site Assessments (ESA)	**Document 25:** Project sponsor must submit an Enhanced Environmental Health Commitment narrative for any projects located in an area at 80th percentile or above in the CalEnviroScreen 4.0;

Evaluation and Scoring Criteria

LAHD underwriting staff will eliminate applications from consideration of the ULA Alternative Models Preservation Program if they fail to meet LAHD's developer capacity requirements, if they fail to meet cash flow and debt service coverage requirements OR if they fail to receive at least eight (8) points in Feasibility: Sponsor Underwriting. Scoring for this criterion is described under Section 3.20 and 7.1 of the 2026-2027 Homes for LA NOFA Regulations.

There will be a first priority pool within this program for CLT and CLT partnership applications.

If the project is determined to meet Threshold Criteria, the project will be subject to the below scoring table:

All Preservation Base Scoring	Points
Feasibility: Sponsor Underwriting	15
Feasibility: Project Underwriting	15
Project Preservation Plan	25
Risk of Affordability Loss	15
Priority Populations (Special Needs or ALI/ELI or Seniors)	5
Feasibility of Accessibility Improvements	5

Enhanced Accessibility Program	5
TOTAL BASE SCORE	**85**

All ULA Alternative Models Preservation projects will be subject to the following scoring requirements:

ULA Alt Models Preservation*	**Points**
History of Tenant Engagement	10

All definitions for each scoring criteria are described in the primary Homes for LA NOFA Regulations.

Los Angeles Housing Department Term Sheet
Portfolio Preservation Program

Program Description	The Portfolio Preservation Program seeks to accomplish the following: 1. Stabilize entire Sponsor portfolios, making a larger scale impact instead of stabilizing individual projects on an ad hoc basis 2. Decrease the risk of conversion to market-rate housing and extend the remaining useful life and the long-term affordability of projects within a portfolio 3. Preserve units through targeted stabilization measures at a lower cost compared to replacing units if the properties were to deteriorate or be lost from the affordable housing inventory altogether 4. Cure technical compliance risks, and restore long-term financial viability by positioning assets for eventual recapitalization. The Los Angeles Housing Department (LAHD) intends to release funding as part of the Homes For LA Notice of Funding Availability (NOFA), which will provide capital and operational financing for the preservation of permanent affordable multifamily rental units. LAHD expects to begin accepting applications on October 13, 2026. Sponsor Underwriting materials will be due on November 13, 2026. All other application materials will be due on December 4, 2026.
Available Capital Funds	Through this Homes for LA NOFA, LAHD will award up to an anticipated **$27,000,000** in Los Angeles Affordable Housing Linkage Fee funds via the Portfolio Preservation Program. Availability of funds for this Program is subject to additional approvals by the Affordable Housing Linkage Fee Oversight Committee, City Council and Mayor. The total amount of available funds will be confirmed with the publication of the Homes for LA NOFA.

Eligible Applicants	<u>Eligible Sponsors include:</u>
	
	- Non-profit and for-profit affordable housing developers
	
	- In order to be eligible for funding, if the Sponsor is not the current owner of the Project(s), the Sponsor must demonstrate experience relevant to owning and developing affordable rental housing through current capacity including financial resources, an office, and payroll, and all of the following:
	
	  - Successful prior ownership and development of affordable rental housing within the most recent 10-year period.
	
	  - Employment of a staff with demonstrated experience owning and developing affordable rental housing.

	- Provides evidence that the Project and proposed transaction complies with Preservation Notice Law requirements, as stated in Government Code Sections 65863.11 and/or .13 - Applying Sponsor(s) may not be in breach or default of the Original LAHD Loan nor under any other Department program, except for the maturity of an unpaid loan - If the applying Sponsor is not the current owner of the Project(s), the current owner must request LAHD approval of a change of ownership by the time of NOFA application submission, and the LAHD must issue a formal approval of the change of ownership prior to loan closing. <u>Existing LAHD Loan Requirement</u> To be eligible for an award under the Portfolio Preservation Program, the Project must currently have an existing LAHD loan recorded on the property, the LAHD loan has not been paid off, and must meet all of the following requirements: - The regulatory agreement or loan agreement is active
Eligible Projects and Requirements	<u>Eligible Project(s) Type</u>: - Existing, permanent, affordable multifamily residential <u>Portfolio Size:</u> - At least 4 projects <u>Project Size:</u> - At least 8 units <u>Outside Leveraging:</u> - Outside leveraging is not required but the LAHD encourages applicants to leverage outside funds where possible. <u>Cashflow Trends:</u> - Projects receiving Portfolio Preservation Program funding will be required to demonstrate fifteen (15) years of positive cashflow upon completion of portfolio preservation strategies.
Affordability Requirements and Rent Schedules	<u>Affordability Requirements</u> - Except for the manager's unit(s), all units must be covenanted to be affordable to households earning 120% Area Median Income (AMI) or

	below. Rent Schedules - Projects that receive funding under the Portfolio Preservation Program are eligible to adjust rents to TCAC levels, and to increase rents pursuant to TCAC and HCD rent increase limits, in conformance with Assembly Bill 846 and all other applicable law. - Otherwise, LAHD will apply the income targeting and rent schedules as required by the project's most restrictive funding source.
Eligible Activities	Construction Costs: - Rehabilitation, deferred maintenance, and capital improvement work to extend the remaining useful life of the Project(s); - Site improvements required by a LAHD or another regulatory agency; - Accessibility improvements that meet or exceed local, state, and federal accessibility requirements, as approved by the Department - Architectural, appraisal, engineering, legal and other consulting costs and fees which are directly related to the planning and execution of the Project(s),and which are incurred through third-party contracts; - Environmental hazard reports, surveys, and investigations; - Costs of relocation benefits and assistance required by law; - Carrying costs during construction, including insurance, construction. - Financing fees and interest; - Building permits and state and local fees; - Escrow, title insurance, recording, and other related costs; - Costs for items intended to assure the completion of construction, such as contractor bond premiums; - Loan forgiveness on existing properties with LAHD loans only as presented as part of a long-term financial restructuring Operating Costs including but not limited: - Debt service; - Insurance premiums and other insurance expenses; - Short term security or fire watch services;

	- Operating expenses; - Local, state, and federal tax liability; - Operating shortfalls from rental subsidy loss or reduction; - Replenishing of operating reserves as required by LAHD; - Administrative expenses; - Utility expenses; - Operating reserve replenishment. Portfolio Preservation Fee: Portfolio Preservation Program funds can be used to fund a Portfolio Preservation Fee in an amount not to exceed $4,500 per unit or $2.5 million total, whichever is lower.
Ineligible Activities	The Department reserves the right to disallow costs that do not constitute reasonable Portfolio Preservation Program costs, as determined by the Department in its sole discretion. The Department reserves the right, consistent with applicable law, to require prior written approval from the Department for all reserve withdrawals, whether the reserve was required by the Department or not.

Eligible Portfolio Preservation Activities	Strategies to preserve the LAHD portfolio, may include but are not limited to:
	- Loan restructuring
	- Resyndication;
	- Loan refinancing;
	- Modifications to the existing LAHD loan agreement(s), including but not limited to:
	  - Changes to reserve requirements;
	  - Loan term extensions;
	  - Loan consolidation;
	- Where applicable and allowable under existing regulatory agreements, rent adjustments;
	- Income averaging across a building;
	- Reserve replenishment pool through residual receipt payments for the first five (5) years after loan closing

Loan Assistance and Term Limits

Limit: The maximum loan limit is up to $9,000,000, with up to $2,500,000 for a Portfolio Preservation Fee.

Type: Permanent loans. Permanent loans may allow for transfer of ownership to a legal entity owned and/or controlled by residents. These loans will be provided in the form of residual receipts loans.

Interest Rate: Three Percent (3%) simple interest. LAHD reserves the right to determine a lower interest rate of no less than 1% if it is found to be necessary for project feasibility.

Term of Loan: No less than twenty-five (25) years. LAHD reserves the right to negotiate a longer term if it is determined necessary for financial feasibility.

Term of Affordability Covenant: The term of the affordability restrictions in the Regulatory Agreement shall be 55 years; notwithstanding any other provision in this term sheet, the total covenant term shall not exceed 55 years.

Subordination: The Regulatory Agreement for the Portfolio Preserve Program will not be subordinated. The LAHD will require other lenders (senior and junior) to execute a Subordination Agreement to subordinate to the Regulatory Agreement. The LAHD will, however, subordinate its Deed of Trust, with right to cure, to conventional loans and other public lenders.

Threshold Requirements

Threshold Requirements are enumerated in the table below:

Threshold Item	Required Documents
1: Project(s) demonstrate Financial Feasibility	**Document 1:** Completed UNOFA Application and Financial Proforma;
2: Project sponsor must disclose potential conflicts of interest and legal/financial liabilities	**Document 2:** Sponsor must submit a signed certification disclosing all partnerships, corporations, all

	properties owned by the applicant, and other entities in which the sponsor is a principal (identities of interest, conflicts of interest and default/foreclosures);
3: Project(s) must have Site Control and Clean Title	**Document 3:** Fully Executed Purchase and Sale Agreement (PSA), Development and Disposition Agreement (DDA), etc.; and, Preliminary Title Report; Projects applying for HUD-funded programs must also provide Proof of Voluntary Acquisition;
4. Project sponsor must submit documents for Sponsor Underwriting	**Document 4:** Project sponsor must submit organizational documents of the sponsor including: Project sponsor must submit Audited Financial Statements (AFSs) with lookback period of three (3) years, and a Real Estate Owned (REO) Schedule; See Section 5, Document 4: Submission of Documents for Sponsor Underwriting in the Homes for LA NOFA Regulations for a full list of items to be submitted for Sponsor Underwriting;
8: Projects involving demolition must identify lead and asbestos hazards	**Document 8:** For projects built prior to 1978, projects involving demolition, a lead and asbestos hazards assessment is required. If the building was built before 1978 and the intent is to completely demolish the building, the applicant may submit a letter in lieu of a lead test and/or asbestos report;
11: Project sponsor must provide relocation assistance to projects	**Document 11:** Project sponsor must provide a Relocation Assistance and Construction Phasing Plan, with the

involving displacement of qualified households	exception of the Tenant Habitability Program, if the project involves displacement of qualified households; this relocation plan needs to be done by a City approved 3rd party. Project sponsor providing relocation assistance through the Tenant Habitability Program must submit a Tenant Habitability Plan;
13: Project must comply with Accessibility Standards	**Document 13:** Accessibility Compliance Self-Certification Form and optional Enhanced Accessibility Program (EAP) Checklist;
14: Sponsor must commit to timely completion of work	**Document 14**: Sponsor must submit a Milestones Commitment Letter;
15: Sponsor must certify compliance with LAHD business policy and general City requirements	**Document 15:** Sponsor must submit an Assurances and Conditions via the UNOFA platform;
17: For Permanent Supportive Housing (PSH) projects only, sponsor must demonstrate commitment of operating/rental subsidy	**Document 17:** Evidence of committed Project-Based Vouchers (PBVs) and/or other long-term operating subsidy;
18: Sponsors must assess deferred maintenance and capital needs	**Document 18:** Sponsor must submit a Capital Needs Assessment (CNA) and a Scope of Work (SOW) for capital improvements;
20: Sponsors must demonstrate a viable Stabilization Plan for use of funds	**Document 20:** Sponsor must submit a detailed Stabilization Plan demonstrating how NOFA funds will support the financial sustainability of the project;

Evaluation and Scoring Criteria

If the project is determined to meet Threshold Criteria, the project will be subject to the below scoring table:

Criterion	Points
Stabilization Plan	40
Leveraging of non-LAHD Funding Sources	25
Demonstrated Financial Hardship	20
Stabilization Efforts to Date	15
TOTAL SCORE	**100**

Los Angeles Housing Department Term Sheet
United to House Los Angeles (ULA) - Operating Assistance

Program Description	The United to House Los Angeles (ULA) **Operating Assistance Program** supports affordable housing in the City of Los Angeles by providing operating support for eligible projects. This Program provides time-limited assistance to projects facing resolvable challenges, in an amount equal to up to two (2) years of eligible operating cost. LAHD expects to begin accepting applications on October 13, 2026. Sponsor Underwriting materials will be due on November 13, 2026. All other application materials will be due on December 4, 2026.
Available Capital Funds	Through this Homes for LA NOFA, LAHD will provide up to an anticipated **$38,423,441** as part of the United to House Los Angeles (ULA) Operating Assistance Program. Availability of funds for this Program is subject to approval of the proposed FY 2026-27 ULA Expenditure Plan by the Mayor and City Council. The total amount of available capital funds will be confirmed with the publication of the Homes for LA NOFA.
Eligible Applicants	Eligible Sponsors are public entities, local housing authorities, Community Land Trusts (CLTs), Limited Equity Housing Cooperatives (LEHCs), and 501(c)(3) non-profit entities. Partnerships such as General Partnerships, Limited Partnerships, and Limited Liability Companies (LLCs) may apply provided that the Managing General Partner is an eligible entity. <u>Existing LAHD Loan Requirement</u> To be eligible for an award under the Operating Assistance Program, the Project must currently have an original LAHD loan recorded on the property, the LAHD loan has not been paid off, or a commitment for a new loan to be funded by the LAHD, or be applying for a new LAHD loan through the Portfolio Preservation Program, Alternative Models Preservation Program, or Acquisition & Rehabilitation: Preserving Affordability Program.
Eligible Projects and Requirements	<u>Eligible Project Type</u>: - The project must be an existing residential building that can demonstrate financial hardship as defined by the 2026-2027 Homes For LA Notice of Funding Availability (NOFA) regulations. - The project needs to have been Placed In Service for no less than 15 years. - The project must not have been awarded ULA Operating Assistance within the previous four (4) years, with the exception that the ULA Operating Assistance Program will provide first funding priority to

	applications from the 2025-2026 Homes for LA Round 1 NOFA who forfeit their award commitment due to substantive changes made to the program design in the 2026-2027 Homes for LA Round 2 NOFA. - Projects applying to the Portfolio Preservation Program, Alternative Models Preservation Program, or Acquisition & Rehabilitation: Preserving Affordability Program. <u>Project Size:</u> - The Operating Assistance Program has no maximum or minimum project size with respect to unit counts. <u>Outside Leveraging:</u> - This subsidy may be combined with other funding from LAHD and/or public agencies, including loans provided through Measure ULA and other applicable programs. However, the total amount awarded shall not exceed the amount needed to resolve challenges as determined by LAHD.
Affordability Requirements and Rent Schedules	<u>Affordability Requirements</u> - Except for the manager's unit(s), all units must be covenanted to be affordable to households earning 80% Area Median Income (AMI) or below. <u>Rent Schedules</u> - All units receiving operating assistance must be covenanted to be affordable to households earning 80% Area Median Income (AMI) or below. Only units covenanted to be affordable to households earning 80% Area Median Income (AMI) or below in the Portfolio Preservation Program, Alternative Models Preservation Program, or Acquisition & Rehabilitation: Preserving Affordability Program are eligible for funding. - Projects that receive funding under the ULA Operating Assistance Program are eligible to adjust rents to TCAC levels, and to increase rents pursuant to TCAC and HCD rent increase limits, in conformance with Assembly Bill 846 and all other applicable law. - Otherwise, LAHD will apply the income targeting and rent schedules as required by the project's most restrictive funding source.
Eligible Activities	● Debt service; ● Insurance premiums and other insurance expenses;

	• Short term security or fire watch services; • Operating expenses; • Local, state, and federal tax liability; • Operating shortfalls from rental subsidy loss or reduction; • Replenishing of operating reserves as required by LAHD; • Administrative expenses; • Utility expenses
Ineligible Activities	• Rental subsidies past the 2 year loan award period; • Capital Expenditures; • Limited Partner exit costs; or • New Construction
Loan Assistance and Limits	**Limit**: Loan limits may be up to a total of $7,500 per unit (up to $3,750 per unit per year for two years of assistance) **Type**: The Operating Assistance Program will provide forgivable permanent loans. **Interest Rate**: One Percent (1%) simple interest. LAHD reserves the right to determine a lower interest rate of as low as 0% if it is found to be necessary for project feasibility. **Term of Loan**: The forgivable permanent loan term shall be no less than fifteen (15) years.
Threshold Requirements	Threshold Requirements are enumerated in the table below:

Threshold Item	Required Documents
1: Project demonstrates Financial Feasibility	**Document 1:** Completed UNOFA Application and Financial Proforma;
2: Project sponsor must disclose potential conflicts of interest and legal/financial liabilities	**Document 2:** Sponsor must submit a signed certification disclosing all partnerships, corporations, all properties owned by the applicant,

	and other entities in which the sponsor is a principal (identities of interest, conflicts of interest and default/foreclosures);
3: Project must have Site Control and Clear Title	**Document 3:** Fully Executed Purchase and Sale Agreement (PSA), Development and Disposition Agreement (DDA), etc.; and, Preliminary Title Report; Projects applying for HUD-funded programs must also provide Proof of Voluntary Acquisition;
4. Project sponsor must submit documents for Sponsor Underwriting	**Document 4:** Project sponsor must submit organizational documents of the sponsor including: Project sponsor must submit Audited Financial Statements (AFSs) with lookback period of three (3) years, and a Real Estate Owned (REO) Schedule; See Section 5, Document 4: Submission of Documents for Sponsor Underwriting in the Homes for LA NOFA Regulations for a full list of items to be submitted for Sponsor Underwriting;
10: Project sponsor must provide a self-score for the Homes for LA NOFA funding program for which it is applying	**Document 10:** Project sponsor must provide a Self-Score Form for Competitive Criteria, which must also certify that the applicant has fully read through the Homes for LA NOFA Regulations;
13: Project must comply with Accessibility Standards	**Document 13:** Accessibility Compliance Self-Certification Form and optional Enhanced Accessibility Program (EAP) Checklist;
14: Sponsor must commit to timely completion of work	**Document 14:** Sponsor must submit a Milestones Commitment Letter;

15: Sponsor must certify compliance with LAHD business policy and general City requirements	**Document 15:** Sponsor must submit an Assurances and Conditions via the UNOFA platform;
17: For Permanent Supportive Housing (PSH) projects only, sponsor must demonstrate commitment of operating/rental subsidy	**Document 17:** Evidence of committed Project-Based Vouchers (PBVs) and/or other long-term operating subsidy;
20: Sponsors must demonstrate a viable Stabilization Plan for use of funds	**Document 20:** Sponsor must submit a detailed Stabilization Plan demonstrating how NOFA funds will support the financial sustainability of the project;

Evaluation and Scoring Criteria

The ULA Operating Assistance Program will provide first funding priority to applications from the 2025-2026 Homes for LA Round 1 NOFA who forfeit their award commitment due to substantive changes made to the program design in the 2026-2027 Homes for LA Round 2 NOFA.

If the project is determined to meet Threshold Criteria, the project will be subject to the below scoring table:

Criterion	Points
Demonstrated Financial Hardship	40
Stabilization Plan	30
Stabilization Efforts to Date	10
% of Units Restricted as ALI/ELI	5
Nonprofits, CLT, and Shared-Equity Tenant Ownership Priority	5
TOTAL SCORE	**90**

ULA ALTERNATIVE MODELS
FOR PERMANENT AFFORDABLE HOUSING
PROGRAM GUIDELINES

TABLE OF CONTENTS

Introduction to the Alternative Models for Permanent Affordable Housing Program

New Construction Program Guidelines

Section 1 | Administrative Overview
Section 2 | General Provisions
Section 3 | Funding Rounds, Timing, and Approval Process
Section 4 | Threshold Requirements
Section 5 | Selection Process and Criteria

Preservation Program Guidelines

Section 1 | Administrative Overview
Section 2 | General Provisions
Section 3 | Funding Rounds, Timing, and Approval Process
Section 4 | Threshold Requirements
Section 5 | Selection Process and Criteria

Appendix

- United to House LA Measure

INTRODUCTION

1. Program Summary

a. Program Goals

Measure ULA's Alternative Models for Permanent Affordable Housing Program (Alternative Models) seeks to provide innovative financing and tenant-driven governance in permanent (i.e., not interim) affordable housing developments, and allows for a range of uses of funds.

The ULA measure and ordinance does not prohibit the Alternative Models Program from leveraging ULA funds with other funds, nor does it require it. The Alternative Models Program is intended to fund projects with innovative financing and ownership models.

As provided by the ULA measure and ordinance, Alternative Models funding may be used for the new construction of affordable and/or supportive housing projects with at least 40 units, as well as acquisition, rehabilitation, adaptive reuse, leasing, preservation, and operation of affordable and/or supportive or mixed rental/ownership projects of any size. The Alternative Models Program requires that properties be owned and/or managed by public entities, housing authorities, Community Land Trusts, Limited Equity Housing Cooperatives, or other Nonprofits. The Alternative Models Program allows projects to serve a mix of income levels and requires that residents have the right to participate meaningfully in the governance of the project.

Taken as a whole, this combination of novel program features is designed to seed a social housing model that will become a major component of the City's future housing stock. Toward that end, and in light of evolving financing, ownership and management frameworks, the Alternative Models Program will initially pilot and evaluate best and innovative practices as it matures. Key elements of social housing will be required of all projects financed by the Alternative Models Program, including:

- Permanent affordability;
- Ownership by Nonprofits or public agencies; and
- Meaningful resident participation in decision-making and governance of the properties.
- Additionally, opportunities for resident ownership are encouraged where feasible and desirable.

Permanent affordability is an integral element of the social housing model. In order to avoid the uncertainties that time-limited covenants can create for owners and tenants, the Alternative Models Program was created to add permanently affordable housing into the City's housing stock, generating homes that will remain affordable for generations. As such, the term of the affordability restrictions in project regulatory agreements will be

in perpetuity. LAHD will have flexibility in structuring its funds to align with other leverage sources as needed to maintain feasibility.

For the greatest impact, the Alternative Models Program will initially focus on the City's most pressing affordable housing needs. As such, the Guidelines are designed to focus program funding on new construction of affordable and/or supportive housing units, and the preservation of substantially at-risk affordable housing.

As further described below, and unless the City Council approves with the advice of the Citizens Oversight Committee (COC) a finding that a different allocation is needed, program funds shall be apportioned for the first three fiscal years as follows:

- **Fiscal Year 2024-2025:** No more than 40% apportioned to the Preservation Program and at least 60% to the New Construction Program.
- **Fiscal Year 2025-2026:** No more than 30% apportioned to the Preservation Program and at least 70% to the New Construction Program.
- **Fiscal Year 2026-2027:** No more than 15% apportioned to the Preservation Program least 85% apportioned to the New Construction Program.

Additionally, these Guidelines also contemplate the development of new housing finance models that are intended to meet the evolving needs, and grow the capacity of, social housing lenders and Project Sponsors.

b. Statutory Requirements

Following is a summary of universal ULA Requirements for all Affordable Housing programs, as further delineated in Los Angeles Administrative Code Section 22.618.3(d)(1)(i):

- All units are affordable to Lower Income Households, with a limited exception for units created using the Alternative Models Program, as described below.
- All units are restricted affordable in perpetuity or such other maximum length of time as may be permitted by applicable law, with limited exceptions to permit 55-year covenant terms if required by other funding sources in the project.
- Resale of rental property is restricted to Nonprofits, Limited Equity Housing Cooperatives (LEHCs) and/or Community Land Trusts (CLTs).
- One-to-one replacement of existing qualifying units is required, as verified by a Replacement Unit Determination (RUD) from the Los Angeles Housing Department (LAHD).
- Projects must provide relocation benefits and right of first refusal to any qualifying existing occupants.
- Prevailing wage is required for all construction activities.
- A Project Labor Agreement (PLA) is required for construction and rehabilitation of 40 or more units.

Additionally, the below requirements shall be applicable to all activities under the Alternative Models for Permanent Affordable Housing Program:

- Projects may include a mix of lower income household income types, but must reserve a minimum of 20% of the units for Acutely Low Income (ALI) and/or Extremely Low Income (ELI) households.
- Up to 20% of units may be unrestricted in terms of rents and household incomes, only for the purpose of increasing the financial stability of Acutely Low Income, Extremely Low Income, and Very Low Income Household units in the project.
- Where feasible and desirable, projects shall use public land.
- Housing units must be acquired and managed by a public entity, a local housing authority, a CLT, an LEHC, or a 501(c)(3) non-profit entity.
- Residents shall have a right to participate meaningfully in the decision-making and governance of the project.
- Projects shall include resident ownership, where feasible and desirable.

c. Program Areas

The Alternative Models for Permanent Affordable Housing Program includes two key Program Areas. This document contains guidelines for each of the two Program Areas:

1. **New Construction Program:** New construction of affordable and supportive housing, including adaptive reuse. This subprogram is competitively scored and LAHD will issue multiple Notices of Funding Availability (NOFAs) per year.
2. **Preservation Program:** Recapitalization, acquisition or rehabilitation of at-risk affordable housing, including projects with expiring covenants and projects at risk of financial insolvency. This subprogram is competitively scored and LAHD will issue one Notice of Funding Availabilities (NOFA) per year.

To foster the new kinds of Project Sponsors envisioned by this program and catalyze the development of public land, LAHD shall promulgate, with the advice of the Citizen Oversight Committee (COC) and approval of the City Council and Mayor, additional guidelines that would govern the implementation of a **Social Housing Predevelopment Loan Program** to make loans for site acquisition and/or some portion of predevelopment costs prior to construction start and prior to the project securing all other funding sources. Such a program could be paired with the disposition of City-owned land, and thereby streamline projects by providing simultaneous awards of both a project's land and financing.

Each fiscal year, with recommendations from the COC and LAHD, the City Council and Mayor will approve and apportion Alternative Models for Permanent Affordable Housing expenditures between the New Construction Program and the Preservation Program. Each year, the Los Angeles Housing Department and the COC will present a summary

of housing needs and production results to the City Council and Mayor. LAHD will supplement this annual report with a summary of available funding sources for housing production and preservation, to demonstrate how ULA funds can be used within the context of the City's overall housing needs and resources. Wherever program guidelines create more than one funding model, the allocation of resources between models will be based on these analyses.

In the immediate term, program funds shall be apportioned as follows:

- **Fiscal Year 2024-2025:** No more than 40% apportioned to the Preservation Program and at least 60% to the New Construction Program.
- **Fiscal Year 2025-2026:** No more than 30% apportioned to the Preservation Program and at least 70% to the New Construction Program.

Beginning in Fiscal Year 2026-2027, and in each fiscal year thereafter, no more than 15% of the Alternative Models for Permanent Affordable Housing funds shall be apportioned to the Preservation Program for a fiscal year, unless the City Council, with recommendation by the ULA COC and LAHD, approves a finding, based on a needs assessment, that different apportionment is necessary to meet needs.

2. Context

The State of California's Regional Housing Needs Assessment (RHNA) obligates the City of Los Angeles to facilitate the production of sufficient units to meet housing needs at all income levels, which include needed housing for forecasted population growth and household formation, as well as unmet needs from prior years. In the eight-year period from 2021 to 2029, the City's RHNA goal is 456,643 units. Of these, 184,721 units must be affordable to lower-income households. This means that the City must produce affordable housing at an average rate of 23,090 units per year in order to meet the RHNA goal.

Since the Tax Reform Act of 1986, the Low Income Housing Tax Credit ("LIHTC") program has formed the foundational financing of most affordable housing production. While the LIHTC program has led to the creation of several million affordable housing units across the country, there is a need for alternative models of affordable housing that cannot be easily met through the existing LIHTC program. The reliance of the LIHTC program on tax-incentivized investors makes it difficult to use affordability terms longer than 55 years, and to develop resident leadership in the production, management and ownership of such housing, impairing the relevance of community aspiration and resident governance in their home and neighborhood.

Recognizing the limitations of the LIHTC system, ULA provides funding for several affordable housing production paradigms. Among these, nearly a quarter (a minimum of 22.5% and up to 25%) of the House LA Programs Fund is intended to support the Alternative Models for Permanent Affordable Housing Program. The Program is envisioned

as a vehicle to build beyond the tools of traditional models of housing finance and development — such as LIHTC — and create a new model that prioritizes speed, flexibility, longevity of investment, and an enhanced role for tenants in their housing. The Alternative Models program may fund a range of project types with a variety of leveraging strategies. Among the range of housing options that could be supported by the Program include social housing and community ownership strategies.

3. Commitment to Racial Equity

Existing data and scholarship confirm that Black, Latinx, and other communities of color are disproportionately affected by homelessness, housing insecurity, and lack of affordable housing options. These Alternative Models for Permanent Affordable Housing Program Guidelines acknowledge that this disproportionality is the result of generations of structural racism. Decades of land use policies and zoning practices have reinforced racial segregation, poverty, environmental injustice, and disinvestment that is manifested in the demographics of our contemporary homeless population.

The implementation of the Alternative Models for Permanent Affordable Housing Program has a primary goal of adhering to principles of racial equity, with a focus on addressing affordable housing needs by producing new units, acquiring and rehabilitating existing units, and cultivating residential leadership within housing projects to provide long-term, stable affordable housing for the City's most vulnerable communities.

Consistent with this commitment to promote racial equity, the Alternative Models for Permanent Affordable Housing Program is designed to be attuned to the needs and realities of historically marginalized communities, and how racism, as well as disability, transphobia, sexism, and other community experiences affect the vulnerability of a neighborhood, and its experiences. To this end, the Alternative Models for Permanent Affordable Housing Program provides resources to proactively address racial and economic segregation throughout the City by creating housing opportunities that address historic patterns of discrimination and exclusion, by promoting permanent affordability and resident engagement and ownership in their housing.

4. Program Metrics

The Los Angeles Housing Department (LAHD) will collect information in alignment with the ULA measure and ordinance reporting requirements and in a manner that supports the evaluation of long-term impacts and outcomes for the Alternative Models for Permanent Affordable Housing Program. To the extent feasible, this information includes but is not limited to, the number of units produced, acquired, and/or preserved, the number of residents located within each project, the form of ownership, and the number of jobs created. Development activities will be tracked by dollars spent on housing construction and preservation. Wherever relevant, data shall be disaggregated by race, family composition,

sexual orientation, age, ability, gender, and location (address, ZIP code, and Council District).

Goal	**Metrics**
Produce new affordable housing units, in alignment with ULA goals and priorities.	● Number of units produced by income category. ● Number of units produced in High or Highest Resource Areas. ● Number of units produced in Racially/Ethnically Concentrated Areas of Poverty (R/ECAP). ● Number of units produced in Racially Concentrated Areas of Affluence (RCAA). ● Number of units produced on public land. ● Number of units produced near public transit. ● Number of units produced on land owned by faith-based institutions that have achieved permanent affordability and land is provided below market and/or receive streamlining benefits.
Create high quality affordable housing opportunities for people, in alignment with ULA goals and priorities.	● Number of people housed in Alternative Models New Construction Program units, to be disaggregated by the ULA measure and ordinance reporting requirements.
Preserve housing affordability for tenants, in alignment with ULA goals and priorities.	● Number of units preserved, by income category. ● Number units preserved in High or Highest Resource Areas. ● Number of units preserved in racially/ethnically-concentrated areas of poverty (R/ECAP). ● Number of units preserved in racially concentrated areas of affluence (RCAA). ● Number of units preserved on public land. ● Number of units preserved on land stewarded by a community land trust. ● Number of units preserved near public transit. ● Number of units preserved on land owned by faith-based institutions.

Preserve affordability for tenants, in alignment with ULA goals and priorities.	● Number of people housed in Alternative Models Preservation Program units, to be disaggregated by the ULA measure and ordinance reporting requirements.
Create construction jobs from development projects, in alignment with ULA goals and priorities.	● Number of jobs created, disaggregated by: ○ race/ethnicity; ○ gender; and ○ share of workers living within the City of Los Angeles. ● Number and percentage of Apprentice hours worked on development projects ● Number and percentage of Targeted Local Hire hours worked on development projects. ● Wages Reinvested ○ Wages Reinvested by ZIP Code. ○ Wages Reinvested by Council District. ○ Wages Reinvested by R/ECAP. ○ Wages Reinvested by RCCA.
Establish resident governance	● Number of projects/units with resident governance ● Number and type of resident engagement and training activities, disaggregated by housing tenure, and listed by project
Cultivate resident governance and/or ownership of housing.	● Number of projects/units with community/resident governance, to be disaggregated by Subprogram. ● Number of projects and units with resident ownership.
Maximize ULA investment by ensuring cost effectiveness and timely delivery of needed housing.	● Total Development Cost (TDC) per unit per project by project type and program ○ For Preservation, disaggregate average cost to buy back affordability per unit per year ○ For Preservation, disaggregate average cost per unit for rehabilitation ● Number of Months Elapsed from First Predevelopment Activity to Placed-In-Service

LAHD shall analyze these and potentially additional metrics and participant data annually and provide a summary of its analysis to the ULA Citizens Oversight Committee (COC) to allow for an assessment of whether the Program is meeting its goals and priorities.

5. Branding

LAHD, in collaboration with the ULA COC, shall develop and implement a plan to include ULA branding on all program materials. This shall include digital and paper materials, signage (e.g., at public workshops or construction sites), and permanent branding on/in housing funded by Measure ULA (e.g., a permanent sign or plaque).

6. Definitions

"*Acutely Low-Income*" shall have the same meaning as in Section 50063.5 of the California Health and Safety Code.

"Audited Financial Statement(s)" shall mean organizational records covering the balance sheet, statement of cash flow, and other documents describing the organization's financial position and that have been reviewed and approved by independent third-party auditors.

"Borrower(s)" shall mean an entity that has been approved for or received a loan from the Los Angeles Housing Department ("LAHD") that has remaining interest or principal to be paid, or for which the term of the loan has not yet expired.

"California Tax Credit Allocation Committee" shall mean the state agency that creates the Qualified Allocation Plan ("QAP") for allocating Low Income Housing Tax Credits ("LIHTC") within the State of California. It is also abbreviated as "CTCAC" or "TCAC." The QAP published by CTCAC/TCAC is commonly referred to as "TCAC Regulations"

"California Debt Limit Allocation Committee" shall mean the state agency that administers the state's annual debt limit ceiling and administers the state's tax-exempt bond program to allocate such bonds to projects. It is also abbreviated as "CDLAC."

"Capital Needs Assessment" shall mean a third-party analysis based on a building inspection that identifies problems in major building systems such as structural, electrical, plumbing, sewage, roofing, flooring, mechanical, heating/cooling, and safety.

"Citizens Oversight Committee" shall mean the body of 15 appointed members who monitor the activities of the House LA Fund and advise the Mayor, City Council, and the Los Angeles Housing Department ("LAHD") on priorities, program guidelines, and program implementation. It is also abbreviated as "COC."

"Community Agreement(s)" shall mean a document that is created by residents of a property for the purposes of defining how they will live together and the acceptable behaviors for residents and their guests, and how disagreements or disputes between neighbors will be resolved. Each property that has received United to House Los Angeles ("ULA") funds through the Alternative Models for Permanent Affordable Housing and/or the Acquisition and Rehabilitation for Affordable Housing programs must produce a Community Agreement.

"*Community Land Trust*" shall mean a non-profit corporation within Section 501(c)(3) of the Internal Revenue Code that satisfies all of the following: (i) Has as its primary purposes the creation and maintenance of permanently affordable single-family or multifamily residences; (ii) All dwellings and units located on the land owned by the non-profit corporation are sold to a qualified owner to be occupied as the qualified owner's primary residence or rented to Lower Income Households or Moderate Income Households, or held by the non-profit corporation for the same purpose; (iii) When a dwelling or unit that is situated on land owned by the non-profit corporation is sold to a qualified owner, the land is leased by the non-profit corporation to the income-qualified owner for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years. It is also abbreviated as "CLT."

"CTCAC/HCD Opportunity Map" shall mean the geographic tool utilized by the California Tax Credit Allocation Committee ("CTCAC") to index census tracts across the State of California based on economic, social, employment, educational, and environmental indicators. The 2024 version of the tool is linked here.

"Department of Housing and Community Development" shall mean the California Department of Housing and Community Development. It is also abbreviated as "HCD."

"Department of Housing and Urban Development" shall mean the U.S. Department of Housing and Urban Development. It is also abbreviated as "HUD."

"*Extremely Low Income*" shall have the same meaning as in Section 50106 of the California Health and Safety Code.

"Financial Stress" shall mean a condition of elevated risk to a project, characterized by some combination of operating deficits, elevated vacancy loss, major deferred maintenance and/or deferred capital improvements, depletion of reserves, and/or losses due to economic shocks such as natural disaster.

"Housing Needs Assessment" shall mean a data-informed study, conducted by the Citizens Oversight Committee ("COC") prior to December 31, 2023 and updated at least once every three (3) years to understand, quantify, and qualify the City of Los Angeles's housing needs with respect to homelessness, housing affordability, tenant protections and the housing needs of vulnerable populations, including but not limited to people experiencing homelessness, seniors in Lower Income Households, formerly homeless people, persons with disabilities, veterans, single-parent households, youth in transition, survivors of domestic violence, and Lower Income Households. The study must disaggregate data by race, family composition, sexual orientation, age, disability, and gender.

"LAHD Project Underwriting Guidelines" shall mean a project review process created by the Los Angeles Housing Department ("LAHD"), shared publicly, and updated periodically to

reflect LAHD staff assessment of necessary financial strength and specific acceptable tolerance ranges for key financial assumptions and potential challenges of each proposed project. The goal of the underwriting guidelines shall be to ensure that each City housing investment creates a project that will be financially and physically viable for the years of the program covenants, and shall provide a good living environment for the residents over the years, and be a positive part of the community. Project Underwriting Guidelines are based on sensitivity testing of potential portfolio liabilities and challenges, benchmarks of cost drivers, economic conditions, compliance with legal and regulatory mandates, and other variables that affect the broader affordable housing environment.

"LAHD Sponsor Underwriting Guidelines" shall mean a review and risk assessment process created by the Los Angeles Housing Department ("LAHD"), shared publicly, and updated periodically to assess the necessary financial strength, organizational capacity and relevant experience to complete and operate the proposed housing project in compliance with guidelines, as a physically and financially healthy project that serves the residents and community well for the years of the covenant. The guidelines shall specify acceptable tolerance ranges for key financial assumptions and potential challenges. LAHD Sponsor Underwriting Guidelines are based on portfolio size and health, development record, organizational and staff capacity to own and direct operations of the proposed project, and organization financial health.

"Limited Equity Housing Cooperative" shall have the same meaning as in Section 817 of the California Civil Code. It is also abbreviated as "LEHC."

"Lower Income Household(s)" shall have the same meaning as in Section 50079.5 of the California Health and Safety Code.

"Low Income Housing Tax Credits" shall mean state or federal tax credit programs that reduce tax liability in exchange for acquisition, rehabilitation, or construction of deed-restricted affordable housing. It is also abbreviated as "LIHTC."

"Milestones Commitment Letter" shall mean a letter describing planned activities during the pre-development, construction, and lease-up stages of a project, as applicable, and the timelines for each activity. The activities and timing can be presented in a table, and the letter must acknowledge that failure to meet project milestones in a timely fashion will constitute a default event.

"Nonprofit(s)" shall mean an organization exempt from taxation pursuant to Internal Revenue Code Section 501(c)(3). Instrumentalities of Nonprofit organizations, including wholly owned subsidiaries, are not automatically considered Nonprofits.

"Project Labor Agreement" shall mean the City of Los Angeles Department of Public Works Master Project Labor Agreement ("PLA") or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and

Construction Trades Council and the Southern California Association of Nonprofit Housing ("SCANPH"), and approved by the Los Angeles City Council.

"Real Estate Owned Schedule" shall mean a list of properties owned by an entity and the parent company that controls that entity. The Real Estate Owned Schedule must include projected and actual operating costs and revenues for all properties listed.

"Replacement Unit Determination" shall mean an analysis specifying the count of qualified demolished units i) subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income, ii) subject to any form of rent or price control through a public entity's valid exercise of its police power within the five (5) past years, iii) rented by lower or very low income households, or iv) that were withdrawn from rent or lease per the Ellis Act, within the past ten (10) years, and the Area Median Income ("AMI") restriction that must be recorded consistent with the income level of the most recent qualified household that resided in a demolished unit. It is also abbreviated as "RUD."

"Resale Formula" shall mean a formula that is reflected in a ground lease and/or an applicable deed restriction that sets an upper limit on the price for which a home or a cooperative share with resale restrictions may be resold, and that is applied consistently to each home or share upon resale.

"Resale of Rental Property" shall mean a change in ownership via a change in fee title on a property, or a long-term master lease of greater than 30 years.

"Resident Council(s)" shall mean any of the following: i) an elected body of residents in a property who represent the residents in deciding the policies and financial priorities of a building; or ii) a homeowners' association, cooperative board, LEHC, or other similar representative or elected governance body required by state law based on the legal structure of the property. Each property that has received ULA funds through the Alternative Models for Permanent Affordable Housing and/or the Acquisition and Rehabilitation for Affordable Housing programs shall be supported in developing a Resident Council.

"Residual Receipts" shall mean loan terms that offer below market rate interest, deferred payments, and loan payments that are due only after, and if, operating costs and senior debt service are paid.

"Statement of Public Purpose" shall mean a document that, in consideration of the COC's Housing Needs Assessment and other available neighborhood-specific information on a community's housing challenges, describes how a proposed project would benefit the community in which it is located, meet the public needs identified in the COC's Housing Needs Assessment through the project's community outreach and final design, and advance the goals of ULA as defined in Los Angeles Administrative Code Section 22.618.1: Purpose.

"*Very Low Income*" shall have the same meaning as in Section 50105 of the California Health and Safety Code.

New Construction Program Guidelines

SECTION 1: ADMINISTRATIVE OVERVIEW

1.1 Program Administrator

The Alternative Models for Permanent Affordable Housing New Construction Program ("New Construction Program") is administered by the City of Los Angeles Housing Department (LAHD). Within LAHD, the Housing Development Bureau (HDB) manages the development and issuance of Notices of Funding Availability (NOFAs), and sponsor and project review and underwriting, including scoring and awarding of applications.

LAHD will revise maximum loan limits annually to reflect changes in the economic environment including but not limited to budget, availability of external funds, legal and regulatory mandates, interest rates, commodity and land prices, and inflation. Prior to issuing NOFAs, LAHD will provide an update to the ULA Citizen Oversight Committee (COC) and City Council pertaining to the maximum loan limits.

1.2 Notice of Funding Availability (NOFA) Schedule

Subject to funding availability, LAHD will offer two NOFAs for the Alternative Models for Permanent Affordable Housing New Construction Program every fiscal year. Additional information regarding the NOFA, project application, and project award schedule will be provided in Department-issued NOFAs.

SECTION 2: GENERAL PROVISIONS

The following section provides a summary of how the Program will be operated and general Program requirements.

1.3 Eligible Applicants

Eligible applicants are public entities, local housing authorities, Community Land Trusts (CLTs), Limited Equity Housing Cooperatives (LEHCs), and Nonprofits. Partnerships such as General Partnerships, Limited Partnership, and Limited Liability Companies may apply provided that the Managing General Partner is an eligible entity. A for-profit entity cannot be the Managing General Partner.

Affordable Housing Experience

The ULA measure and ordinance requires applicants to have experience with affordable housing development and property management within the project team. However, eligible entities without sufficient experience developing and managing affordable housing developments may partner with an experienced Nonprofit to apply for Program funding, as long as the experienced Nonprofit participates in the management of the project with duties equivalent to those of a Managing General Partner.

Tenant Governance Experience

Development teams must also demonstrate experience supporting tenant governance models. Developers that do not have capacity themselves to support tenant governance must partner with a locally-based Nonprofit organization that has a demonstrated history of managing residential properties under tenant governance models.

Partnerships may take the form of General Partnerships, Limited Partnerships or Limited Liability Companies or other Special-Purpose Entities (SPEs) where the experienced Nonprofit has an ownership stake in the SPE, or fee-for-service contractual agreements with a Nonprofit demonstrating experience in tenant governance. Partnership documents must provide an outline of roles and responsibilities between developer and partner organization(s).

1.4 Eligible Projects

Projects must meet the following requirements to be eligible for Program funds.

Project Type:

- The project must be one of two project types:
    - New Construction of multifamily rental or ownership housing including ADUs; or
    - Adaptive Reuse of existing nonresidential structures, such as commercial buildings or hotels/motels, to multifamily rental or ownership housing.

Project Size:

- If new construction, the project must include 40 or more units.
- If adaptive reuse of existing structures, the project has no minimum unit count.

Affordability Requirements and Rent Schedules:

- A minimum of 20% of the total project units must be restricted to Acutely Low Income (ALI) and/or Extremely Low Income (ELI) Households.
- Up to 20% of the total project units may be unrestricted with respect to rents and household incomes if necessary to make the project financially feasible in accordance with Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)(b)(4), but all other units must be restricted to be affordable to Lower Income Households.
- LAHD will specify applicable income targeting and rent schedules in each NOFA.
- All deed restricted affordable units must be affordable in perpetuity, as defined in *Section 2.5*, with AMI limits set at the project rather than unit level, and with a target average of 60% AMI across each project, subject to City Attorney approval of the regulatory covenant. LAHD will apply HUD/LIHTC income targeting and rent schedules, with the exception of when the project or units in the project are subject to regulatory agreements that require Health and Safety Code income targeting and rent schedules.

Labor Compliance:

- Must pay prevailing wage.
- New construction projects must be 40 units or more and comply with the City of Los Angeles Department of Public Works Master Project Labor Agreement (PLA) or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council.

Outside Leveraging:

- Leveraging of additional public sources is allowed so long as the outside funding sources do not preclude conversion to tenant ownership, permanent affordability, or any other requirements in the ULA measure and ordinance.

1.5 Eligible Activities

Eligible activities include providing financial assistance, and may include making subordinate, long-term, low-interest, fully-amortizing or residual receipts loans to projects that provide affordable rental or homeownership housing, supportive housing, and/or mixed-income housing in accordance with ULA maximum of 20% market rate.

Eligible project costs include:

- Acquisition costs during predevelopment;
- Predevelopment costs, including, but not limited to, costs for architectural plans and renderings, Environmental Review and Historic Preservation; and Phase I Environmental Assessment Report, Phase II Environmental Assessment Report (if required), and Lead/Asbestos Reports as defined in the Department's Affordable Housing Managed Pipeline Program Requirements (Sept. 2022);
- Construction and financing costs, including but not limited to, demolition, off-site public improvements, construction bonds, general contractor and subcontractor payments including overhead, profit, and general conditions;
- Soft costs related to the construction and development of the project, including, but not limited to, conventional financing, design, program, financing, and entitlement processing, developer fees, legal fees, and professional fees;
- Relocation and related expenses;
- Costs associated with market-rate units provided only for the purpose increasing project financial stability in accordance with Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)(b)(4); and
- Reasonable reserves for operating costs, for projects requiring short-term capitalized operating assistance, that are still able to demonstrate long-term financial viability without operating assistance except from Section 8 or similar long-term rental housing vouchers.

1.6 Ineligible Activities

Funds awarded under the Alternative Models Production Program shall not be used for the following expenses or activities:

- Substitution for any committed permanent project financing source, unless the substitution was approved at the time of commitment.
- Costs associated with units not funded by the City of Los Angeles.
- Reimbursement for project costs that have been paid by another project funding source, unless the reimbursement was approved at the time of commitment.
- Travel expenses, food, or meals.
- Application fees for other project financing.
- Office or general organizational expenses.

- Costs that would normally be paid by the Limited Partnership or Limited Liability Company.
- The payment of delinquent taxes, fees, or charges on properties.

1.7 Loan / Financial Assistance Terms and Limits

Loan Limits: At least once per year, loan limits will be established according to the following process:

1. LAHD will determine the average per unit Total Development Costs (TDC) by unit typology in the previous fiscal year. LAHD will use comparable benchmark projects funded by ULA or other City sources to determine average costs.
    - Average per unit costs will be adjusted by an inflation factor.
2. LAHD will determine the average per unit supportable debt by unit typology and at prevailing interest rates.
3. Assuming up to one (1) additional source of public financing, LAHD will determine the projected gap between the per unit cost, per unit soft sources, and per unit supportable debt, for each unit typology
4. LAHD will set limits on financial assistance for each unit typology to ensure that projects achieve long-term financial stability.
    - Modifiers may be applied to provide an increase to maximum loan limits for units with three (3) or more bedrooms, more deeply affordable units, and/or projects located in high cost and high opportunity areas.

LAHD may update loan limits more frequently if necessary to account for changes in economic conditions.

Loan Type: Predevelopment, construction (including reimbursement of acquisition and predevelopment costs), and permanent loans. Permanent loans will allow for transfer of ownership to a legal entity owned and/or controlled by residents. LAHD will have the discretion to structure its loan products based on market needs, including but not limited to residual receipts loans, other types of subordinate loans, or mezzanine loans. LAHD will adopt regulations ahead of each NOFA specifying repayment, interest rates, and other loan terms.

Interest Rate: The interest rate for residual receipts loans is three percent (3%) simple interest. LAHD may determine a lower interest rate of no less than 1% if it is found to be necessary for project feasibility.

Calculation of Interest: Simple interest will be calculated on the loan amount outstanding and based upon a 365-day year, and actual number of days elapsed.

Term of Loan: The permanent loan term shall be no less than 57 years.

Term of Affordability Covenant: The term of the affordability restrictions in the Regulatory Agreement shall be in perpetuity (or such shorter period of time as may be required by applicable law); provided, however, that for projects qualifying for LIHTC, tax-exempt bonds, or federal or state government-sponsored entity loan programs, LAHD, shall, based on a Department finding of extraordinary need, have flexibility to structure the terms in its loan documents and/or covenants or restrictions in regulatory documents, so that the project as underwritten at closing is financially feasible and compatible with such program requirements.

Developer Fee: The allowable Developer Fee(s) will be established by LAHD and included in the NOFA, to be approved by the Mayor and Council prior to issuance, and shall be consistent with the most recent TCAC regulations in effect. LAHD will update developer fee limits as needed to remain consistent with TCAC limits.

These loan and financial assistance terms may be adjusted in the future, in consultation with the Citizens Oversight Committee, based on additional research and policy considerations regarding social housing strategies.

1.8 Sponsor and Project Underwriting Standards

Applications shall be reviewed in accordance with LAHD Sponsor Underwriting Guidelines and Project Underwriting Guidelines. Underwriting Guidelines are available to the public, and revised regularly to reflect the most up-to-date LAHD staff analysis of financial stress and risk tolerances.

For Sponsor Underwriting Guidelines, the analysis is based on:

- Portfolio size and health, including deferred maintenance needs, lease-up rates, amount of reserves, cash flow, and debt coverage ratios;
- Development record, including number of projects completed or in development, and projects meeting development milestones on time and on budget; and
- Organization health, including reviews of three (3) most recent years of Audited Financial Statements (AFSs), and tests of assets, revenues, expenses, cash flow, debt, and liabilities, and organizational budgets, financial projections, staffing plans and board participation records.

Project Sponsors that lack significant experience or capacity are required to partner with an experienced entity that satisfies Sponsor Underwriting standards, and that can demonstrate that the organization brings adequate financial and staff capacity to guarantee successful development and operations of the project, including by showing that the partner

organization has sufficient experience in property management and project development that would meet the standards set in the Sponsor Underwriting Guidelines.

For Project Underwriting Guidelines, the analysis is based on review of potential portfolio liabilities and challenges, benchmarks of cost drivers, economic conditions, compliance with legal and regulatory mandates, and other variables that affect the broader affordable housing environment.

Project Underwriting Guidelines may include parameters for:

- Reasonable costs;
- Income and expense escalators;
- Bonding, insurance, and other liability coverage requirements;
- Operating and replacement reserve ratios;
- Lien priority;
- Taxes and fees;
- Hard and soft cost contingencies;
- Debt service;
- Vacancy rates.
- Relationship of proposed rents to neighborhood market rents; and
- Proposed project timeline for development and lease up.

1.9 Loan Management and Occupancy Monitoring

a. Loan Management

Sponsors of awarded projects are required to comply with the following:

- Submit Audited Financial Statements (AFSs) annually and effectuate loan payments by the date indicated on the loan agreement.
- As applicable, complete a Calculation of Residual Receipts Form using information from the AFS for each project. LAHD may make technical adjustments to the calculation before issuing a final invoice for any underpayments, or providing a credit for overpayments.
- Maintain adequate operating and replacement reserves, and obtain pre-approvals from LAHD prior to withdrawals from these funds.
- Submit Real Estate Owned Schedule annually showing projected and actual operating costs and income for each project.

b. Occupancy Monitoring

Once a year, project owners must submit documentation that tenants who occupy restricted units are income-eligible and that the rents they pay are within the allowable

program limits. Affirmative marketing practices aim to further the goals of the ULA measure and ordinance, which include improving access to permanent affordable housing for vulnerable populations. Affirmative marketing practices shall require that project owners market to non-English speakers. The project owner will also agree to provide regular reporting on demographic information related to tenants, consistent with ULA-required tracking and reporting on tenants housed using Program funds.

c. Default

The loan agreement will specify the events that may cause LAHD to declare the borrower in default. These events include, but are not limited to:

- Failure to construct/rehabilitate the proposed project within the time agreed;
- Breach of rental/ownership covenants;
- Failure to maintain the property in good condition;
- Failure to make agreed-upon loan repayments;
- Failure to receive an LAHD approval prior to any change in ownership entity;
- Breach of affirmative action, equal opportunity, contractor responsibility, equal benefits or MBE/WBE requirements;
- Failure to submit annual financial statements certified by a certified public accountant;
- Failure to comply with Measure ULA Project Labor Agreement and prevailing wage requirements, as applicable;
- Failure to meet accessibility construction standards, and/or failure to comply with all applicable accessibility standards, including but not limited to: Section 504 of the Rehabilitation Act of 1973 as amended, Title VIII of the Civil Rights Act of 1964 as amended in 1988 by the Fair Housing Amendments Act, and the Americans with Disabilities Act Title II, the State of California's Unruh Act, Department of Fair Employment and Housing (DFEH) Regulations and California Government Code Section 11135 et. seq.;
- Failure to maintain appropriate insurance coverage without LAHD approval;
- Commencing construction (including demolition) without LAHD authorization;
- Failure to abide by development and/or construction schedules;
- Failure to maintain the project "in balance" during construction;
- Failure to pay property taxes that are associated with the project;
- Bankruptcy;
- Dissolution or insolvency of the ownership entity;
- Failure to adhere to construction cost limits as stated in Section 3.7 of the AHMP Guidelines; and
- Uncured event of default under any other loan agreements from federal, state or county or private lenders.

d. Event of Conflict

Projects must comply with all covenants and loan agreements. Where discrepancies exist between these Alternative Models for Permanent Affordable Housing New Construction Program Guidelines and other funding requirements, the most restrictive will prevail, except if the other funding requirement would preclude permanent affordability or conversion to tenant ownership.

SECTION 3: FUNDING ROUNDS, TIMING, AND APPROVAL PROCESS

Based on these New Construction Program Guidelines, LAHD will periodically release NOFAs to announce the opening of applications and to effectuate the awarding of funds. The terms and requirements of these New Construction Program Guidelines shall be applicable to each NOFA, and a NOFA may incorporate additional supplementary terms and details that further clarify LAHD policy and objectives.

The terms of the NOFA must be approved by the Mayor and Council prior to issuance.

3.1 Notice of Funding Availability (NOFA) Development Process and Publication

Subject to funding availability, LAHD shall issue two (2) New Construction Program NOFAs per year. The timing of each NOFA shall be announced at least three (3) months in advance, and applicants shall have at least 45 days from the release of a NOFA to submit proposals.

Each New Construction NOFA shall provide specific maximum loan limits, which may or may not vary depending on unit type and depth of affordability. Loan limits will be determined as a function of estimated development costs, availability of external public subsidies, and LAHD goals with respect to unit typology and affordability mix, as described in *Section 2.5*.

Each New Construction NOFA shall specify the applicable rent schedule that projects must follow in calculating rental income and for income qualification of potential tenants.

At least five (5) business days before the application window opens, LAHD shall hold a Bidders' Conference to provide a high-level overview of the NOFA and respond to sponsor questions.

3.2 Application Submittal and Review

Each New Construction Program NOFA shall be accompanied by detailed guidance about how to submit a complete application, including where to submit an application and all documentation requirements that must be attached upon submission.

Applications shall be reviewed, underwritten, and scored once the application window closes. Once the deadline to submit has passed, applications that pass threshold review will be divided into two priority pools and ranked by score within each pool.

LAHD will first recommend funding allocations to the first pool, which is for qualified CLTs and partnerships that include CLT, in order of highest to lowest score. If funding allows, LAHD will then recommend funding allocations to the second pool in order of highest to lowest score.

More detailed information about this is provided in *Section 4: Threshold Requirements* and *Section 5: Selection Process and Criteria*.

Preliminary recommendations shall be publicized and applicants shall have a window to submit an appeal before LAHD finalizes funding commitments and, as applicable, transmits funding commitment recommendations to City Council.

3.3 Appeal Process

LAHD funding recommendations can be appealed by the applicant. Each NOFA will provide detailed guidance delineating acceptable grounds for appeal and the process for filing an appeal. Applicants shall not file an appeal regarding LAHD staff evaluation of another applicant's application.

3.4 Council Approval Process

Consistent with Los Angeles Administrative Code Section 22.618.3(d)(1)(iv), LAHD shall present the New Construction Program projects to the City Council and Mayor with award amounts and conditions to be met prior to funding. As applicable, the City Council and Mayor will authorize the General Manager of the LAHD, or designee, to determine that funding conditions have been met; to negotiate and execute the relevant financing documents for the project, subject to the approval of the City Attorney as to form; to prepare Controller instructions and any necessary technical adjustments consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO); and request that the Controller implement the instructions.

In the event of necessary technical corrections and adjustments that do not change the affordability mix, total number of units, or loan amount per unit, the General Manager of LAHD, or designee, shall be authorized to approve such corrections.

SECTION 4: THRESHOLD REQUIREMENTS

The following section enumerates the elements of a complete New Construction Program application and describes the documentation requirements associated with each element. All applicants must demonstrate reasonableness of funding request and project feasibility. Applications will first undergo Threshold Review to ensure that all required elements have been met.

Applications that do not meet threshold requirements will not be reviewed or considered for funding.

4.1 Summary of Threshold Items

The following subsections summarize each Threshold Item and descriptions of materials that will be required to demonstrate the Project satisfies each Threshold Item.

a. Financial Feasibility

Financial feasibility is a threshold requirement. To demonstrate financial feasibility, applicants must submit a complete pro forma financial analysis using a template workbook that has been approved by LAHD and complies with LAHD Project Underwriting Guidelines.

b. Project Labor Agreement (PLA)

For projects with 40 units or more, the project sponsor must submit a Letter of Assent attesting that it will comply with all the terms and conditions of the City of Los Angeles Board of Public Works Master Project Labor Agreement (PLA), or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council.

For more information, please refer to Los Angeles Administrative Code Section 22.618.7.

c. Minimum 40 Unit Requirement for New Construction Projects

The minimum project size for an Alternative Models for Affordable Housing New Construction Program project is 40 units, unless the project is the adaptive reuse of existing structures, in which case the project has no minimum unit count.

d. Minimum Unit Size Requirements

Projects must comply with California Tax Credit Allocation Committee (CTCAC) unit size minimums and also include in the Statement of Public Purpose (see Section 4.1(l)) an explanation of how the project will meet identified unit size needs.

e. Replacement, Relocation, and Right of First Refusal

Units demolished for redevelopment under this Program shall be replaced at a ratio of one replacement unit for each qualified demolished unit, subject to a Replacement Unit Determination (RUD) by LAHD. Moreover, replacement units must be restricted to an AMI level that matches the affordability of the household that resided in the demolished unit, or to an AMI level that is more deeply affordable. Project sponsors shall submit a Rent/Income Restriction History Assessment, which must provide, to the best of sponsor's ability, a breakdown by income level of any deed-restricted or rent-controlled residential units that will be or were vacated within the last five (5) years, as well as a record of all Lower Income Households that were known to reside in the property within the last five (5) years.

Tenants displaced due to ULA-funded construction must be offered Relocation benefits and Right of First Refusal. Project sponsors shall submit a Relocation Plan, which must include offers of comparable dwellings, as well as a Leasing Preference Policy granting Right of First Refusal to tenants displaced by the project.

For more information, please refer to Los Angeles Administrative Code Section 22.618.3(d)(1)(i)(c).

f. Project Sponsor Experience

Project Sponsors must submit a Schedule of Projects demonstrating at least three (3) completed projects within the last ten (10) years with: a) Building Typology comparable to the proposed project; b) financing and affordability restrictions comparable or more complex than the proposed project; and c) Property Management Experience demonstrating positive cash flow, updated building repairs, and compliance with financial and affordability audits. The organization may use the experience of its principal(s) to satisfy this requirement. In addition, Project Sponsor experience will be evaluated based on LAHD Sponsor Underwriting Guidelines.

Eligible applicants without a history of affordable housing experience may satisfy this threshold requirement by partnering with an experienced Nonprofit or show adequate staff and organizational capacity to develop and operate the project.

g. Timeliness Requirement

Timely production of affordable housing is a core objective of the Alternative Models Production Program, and project sponsors are required to provide a Milestones Commitment Letter as part of threshold review. The Milestones Commitment Letter must outline key pre-development activities and timelines for completion thereof, including expected completion of Environmental Site Assessments, submission of building permits and start of construction.

LAHD reserves the right to rescind funding commitments to projects that are awarded, but subsequently fail to reach milestones.

h. Site Control

Project Sponsors must demonstrate site control and clean title.

Site control may be evidenced by any of the following:

- Fee title as demonstrated by a current title report;
- Long-term leasehold interest (minimum term must equal term of LAHD regulatory agreement);
- Option to purchase or lease (obtaining financing shall be the sole impediment to exercising the option);
- Executed land sale contract or other enforceable agreement for acquisition of the property;
- Executed Disposition and Development Agreement (DDA) with a public agency;
- Executed Exclusive Negotiating Agreement (ENA) with the City of Los Angeles; or
- Option to lease or an alternative document that meets CTCAC's site control requirement.

Regardless of the type of site control documents provided, sponsors shall submit with the application a copy of a Preliminary Title Report prepared within the 90 days preceding application submission.

i. Tenant Governance and Ownership

Residents shall have a right to participate directly and meaningfully in decision-making concerning the governance of Alternative Models-funded projects.

Resident Engagement and Leadership Plan Requirements

All sponsors are required to provide a Resident Engagement and Leadership Plan that includes the following:

- Meetings to create Community Agreements.
- Monthly gatherings between property management and residents to support community cohesion and raise issues related to the building.
- Quarterly meetings between residents and property management to review operations, management, and adjust Community Agreements.
- Semi-annual meetings between residents and property management to review budgets, financials, and actuals to determine budget priorities.
- Formation of a Resident Council, as defined in Introduction Section 5. In a rental property, the Resident Council must be convened within twelve (12) months after the building is initially leased up and must meet regularly. In an ownership property, the Resident Council, whether organized as a homeowners' association, cooperative board, LEHC, or other similar representative or elected governance body required by state law based on the legal structure of the property, must be convened within the timeframe mandated by law or six (6) months, whichever is less; and must meet as frequently as is mandated by law, but no less than quarterly, to maintain oversight over property management, finances, and community cohesion.
- Resident Trainings, which provide continuous opportunities for residents to learn about all aspects of managing a residential or mixed-use building, as applicable. Resident Trainings can be provided by capacity-building networks, including any resident governance capacity-building collaborative established by the City.
- If the property is planned for future conversion from rental to ownership, then financial and design plans for ownership should engage current residents and/or resident representatives such as those on any Resident Council, and such plans should be structured to maximize retention of current residents and their conversion from tenants to owners.
- If the property consists of condominiums, is an LEHC, or includes another form of homeownership, a timeline and process for the establishment and convening of the governing body, as well as the development of policies regarding homebuyer education and access to lending opportunities and down payment assistance, marketing and sales policies that meet Affirmatively Furthering Fair Housing standards, and any applicable Right of Return or Right of First Refusal policies, and establishment of a Resale Formula.

Tenant Governance Experience Requirements

All Project Sponsors are required to provide documentation that the development team has either experience owning and/or operating residential properties under tenant governance, or, Nonprofit partner(s) with experience owning and/or operating residential properties under tenant governance.

Experience with tenant governance is demonstrated by submitting the following:

- Community Agreements that have been created and adopted by residents in at least one property, as well as two or more of the following:
- Resident Council meeting minutes from at least one property; and/or
- Resident Council bylaws adopted by the residents of at least one property; and/or
- CLT ground lease and the bylaws of resident-owned or resident-controlled housing that is the lessee of CLT land, such that, when viewed jointly, the documents demonstrate ongoing relationship between the project sponsor and residents; and/or
- Attestation from residents verifying that the project sponsor has supported a resident-governed property by engaging residents in a collective or representative decision-making process regarding their own rental or ownership housing; and/or
- Demonstrated expertise facilitating community meetings attended by participants with linguistic, cultural, household income and/or other demographic characteristics similar to the anticipated resident population; and/or
- Evidence that current staff have received capacity-building training specific to tenant governance or resident ownership, including, but not limited to, training provided by the ULA-funded Capacity-Building Program.

Developers that do not have capacity themselves to support tenant governance must partner with a locally-based Nonprofit organization that has a demonstrated history of managing residential properties under tenant governance models. Partnerships may take the form of General Partnerships, Limited Partnerships or Limited Liability Companies or other Special-Purpose Entities (SPEs) where the experienced Nonprofit has an ownership stake in the SPE, or fee-for-service contractual agreements with a Nonprofit demonstrating experience in tenant governance. Partnership documents must provide an outline of roles and responsibilities between developer and partner organization(s).

j. Accessibility Standards

Project sponsors must provide a Self-Certification Form for Compliance to Accessibility Standards. City-funded projects must comply with all applicable accessibility standards in effect at the time of the NOFA. These include all applicable statutes, ordinances, regulations, court orders, consent decrees, or other legally enforceable standards that may apply to housing projects.

k. Environmental Sustainability

Projects shall comply with all City and state environmental sustainability requirements, including building code decarbonization measures.

l. Statement of Public Purpose

Project Sponsors must submit a brief narrative statement that considers the COC's Housing Needs Assessment and other available neighborhood-specific information on a community's housing challenges. The Statement of Public Purpose shall identify the household income targeting, housing typologies that best fit community needs, and cultural/linguistic competencies necessary for project owners to support residents who will be integrating into a high resource neighborhood, or those who seek stable housing in a neighborhood with high displacement risk.

The Statement of Public Purpose should address, but not be limited to, the following:

- Alignment with ULA Purpose and Goals: Describe how a proposed project would benefit the community in which it is located, meet the public needs identified in the COC's Housing Needs Assessment through the project's community outreach and final design, and advance the goals of the ULA measure and ordinance as defined in the Measure's Section 22.618.1: Purpose.
- Community Outreach and Engagement: Describe community engagement to date, including, but not limited to, any partnership(s) with community organization(s) that are led by and/or represent populations anticipated to be served by the project, and identification of languages that will be used in future outreach/engagement.
- Tenant Governance and/or Ownership: Explain proposed tenure option(s) based on input from community partner(s) and/or community members, as well as financial analysis of feasibility.
- Affordability Levels: Explain proposed affordability levels based on input from community partners(s) and/or community members, as well as available data that evaluates affordability needs at the neighborhood level.

- Unit Size: Explain proposed unit sizes based on input from community partner(s) and/or community members, as well as available data that evaluates unit size needs at the neighborhood level.

m. Enhanced Environmental Health Commitment

For project sites located within areas with a CalEnviroScreen 4.0 Overall Score in the 80th percentile or higher (or any equivalent score in any successor version of this screening tool), the project sponsor shall include a narrative describing how the project will meet the following requirements:

- Community Engagement Requirement: As part of the site's Phase I Environmental Site Assessment (ESA), the project sponsor will be required to conduct community engagement activities that include a focus on lower-income neighborhood residents who represent similar income categories as are intended to be served by the project, prospective residents, and/or others with lived experience of housing unaffordability and insecurity. Such activities will solicit input in order to complement the Phase I ESA findings by identifying any potential public health concerns related to conditions on the project site or neighboring sites, including soil conditions, construction materials used in existing or previous improvements, or historic land uses, including conditions which are not officially documented in public agency lists such as the California Department of Toxic Substances Control's (DTSC's) Cortese List or otherwise have known hazards.
- Analysis Requirement: Based on the results of community engagement and Phase I ESA findings, the sponsor will identify any further need for site-level analysis to be conducted by qualified professional consultants.
- Project Design Requirement: As applicable, based on the results of professional analysis and identification of any site-specific conditions which may be linked to public health concerns, the sponsor will describe how the project design will address the anticipated concerns, and commit in writing to implementing such design features if the project is awarded ULA funding.

4.2 Application Requirements

Subject to funding availability, LAHD will issue two New Construction Program NOFAs every year detailing the complete application requirements and the amount of funding available. Each NOFA will indicate the form of the application, which must be submitted electronically. For an application to be considered complete, all requirements listed in the NOFA must be provided.

At LAHD's discretion, a NOFA may provide additional application and/or threshold requirements that are not listed in these New Construction Program Guidelines.

SECTION 5: SELECTION PROCESS AND CRITERIA

Applications determined to have passed Threshold Review will be scored and prioritized for funding based on the methodology and selection criteria outlined in this section.

5.1 Evaluation and Scoring Criteria - General

All applications will be scored according to a Scoring Matrix, which will be an element of each NOFA released by LAHD. The Scoring Matrix shall prioritize, among other elements, cost effectiveness, unit typologies that align with City goals, projects located on public-owned or faith-based owned land and conveyed at less than fair market value, and projects that do not require discretionary entitlements, as those criteria are further described in *Section 5.2*.

After applications are scored, they will be divided into two pools:

1. Entities proposing feasible sustainable projects that are Community Land Trusts (CLTs) or Special-Purpose Entities (SPEs) with CLT participation in the SPE's ownership, and demonstrating experience owning and operating properties under resident leadership will receive first funding priority. Applications in the first pool will receive their funding awards in descending order by score, until funds are exhausted.
2. Entities that are either not CLTs or unable to demonstrate direct experience managing resident-led properties will receive second funding priority. If funding remains after allocations are made to the first pool, applications in the second pool will receive their funding awards in descending order by score.

In the event that two or more projects in the same funding pool receive the same score, they will be prioritized based on a tiebreaker score, to be defined in each NOFA.

5.2 Evaluation and Scoring Criteria - Scoring Priorities

NOFAs will include specified scoring criteria that will reflect the following priorities.

Priority	Description
Entitlement Readiness	Entitlement Readiness may be defined as projects that have secured all necessary entitlements or have the ability to demonstrate that the project can be approved by-right. This can be demonstrated by documents such as Preliminary Zoning Assessment, Zoning Letters, Letter of Compliance, or Determination Letter with approved entitlements.

Cost Effectiveness	Cost effectiveness will be evaluated on a per unit basis, with adjustments for high cost land areas.
Previous Commitment of Public or Philanthropic Funds	Projects that have received a commitment from public or philanthropic funders toward the cost of developing and/or operating affordable housing.
Use of Public Land or Land Owned by Faith-Based Organization(s)	Projects located on public land or land owned by faith-based organization(s), if the land is donated or conveyed at less than fair market value, net of the costs of meeting any requirements of the land seller, such as provision of replacement parking or facilities.
Priority Populations	Projects that set aside: ● A certain percentage of units for special needs populations (the special needs units can count towards the 20% ALI/ELI set aside requirement); and/or ● A certain percentage of units for family housing with three (3) or more bedrooms.
Priority Project Locations	Projects that are either located within HCD/TCAC Opportunity Map index ranked census tracts located in High or Highest Resource areas or areas at high or extremely high displacement risk, as indicated in the forthcoming LAHD displacement risk tool.
Deeper Affordability	Projects that propose a clear and financially-feasible strategy for resident ownership at an average affordability of deed- and resale-restricted rental units at 60% AMI or below; or, for rental projects, an average affordability of 50% AMI or below for deed-restricted units.
Amenities	Project design that incorporates amenities that are above TCAC minimums, including but not limited to wellness, recreation, commercial and/or cultural amenities that enhance community livability and sustainability, such as affordable groceries, open space, and walking, biking, or transit pathways to access a public school.

Preservation Program Guidelines

SECTION 1: ADMINISTRATIVE OVERVIEW

1.1 Program Administrator

The Alternative Models for Permanent Affordable Housing Preservation Program (Preservation Program) is administered by the City of Los Angeles Housing Department (LAHD). Within LAHD, the Housing Development Bureau (HDB) manages the development and issuance of Notices of Funding Availability (NOFAs), and sponsor and project review and underwriting, including scoring and awarding of applications.

LAHD will revise maximum loan limits annually to reflect changes in the economic environment including budget, availability of external funds, legal and regulatory mandates, interest rates, commodity and land prices, and inflation. Prior to issuing NOFAs, LAHD will provide an update to the ULA Citizen Oversight Committee (COC) and City Council pertaining to the maximum loan limits.

1.2 Notice of Funding Availability (NOFA) Schedule

Subject to funding availability, LAHD will offer one (1) NOFA for the Alternative Models for Permanent Affordable Housing Preservation Program every fiscal year. Additional information regarding the NOFA, project application, and project award schedule will be provided in Department-issued NOFAs.

SECTION 2: GENERAL PROVISIONS

The following section provides a summary of how the Program will be operated and general Program requirements.

2.1 Eligible Applicants

Eligible applicants include public entities, local housing authorities, Community Land Trusts (CLTs), Limited Equity Housing Cooperatives (LEHCs), and Nonprofits. Partnerships such as General Partnerships, Limited Partnership, and Limited Liability Companies may apply provided that the Managing General Partner is an eligible entity. A for-profit entity cannot be the Managing General Partner.

Affordable Housing Experience

The ULA Measure and Ordinance requires applicants to have experience with affordable housing development and property management within the project team. However, eligible entities without sufficient experience developing and managing affordable housing developments may partner with an experienced Nonprofit to apply for Program funding, as long as the experienced Nonprofit participates in the management of the project with duties equivalent to those of a Managing General Partner.

Tenant Governance Experience

Development teams must also demonstrate experience supporting tenant governance models. Developers that do not have capacity themselves to support tenant governance must partner with a locally-based Nonprofit organization that (i) has a demonstrated history of managing residential properties under tenant governance models.

Partnerships may take the form of General Partnerships, Limited Partnerships or Limited Liability Companies or other Special-Purpose Entities (SPEs) where the experienced Nonprofit has an ownership stake in the SPE, or fee-for-service contractual agreements with a Nonprofit demonstrating experience in tenant governance. Partnership documents must provide an outline of roles and responsibilities between developer and partner organization(s).

2.2 Eligible Projects

Projects must meet the following requirements to be eligible for Program funds.

Project Type:

- The project must be one of two project types:
    - Projects under significant financial distress, defined as the recapitalization, acquisition, and/or rehabilitation of deed-restricted affordable housing projects located in the City of Los Angeles that are at risk of financial insolvency, regardless of the remaining term of covenants; or
    - Projects with expiring or expired covenants, defined as the recapitalization, acquisition, and/or rehabilitation of deed-restricted affordable housing projects located in the City of Los Angeles. For projects with expiring covenants, the remaining term of the covenants shall be less than or equal to 10 years.

Project Size:

- Preservation Program projects have no minimum unit count.

Affordability Requirements and Rent Schedules:

- A minimum of 20% of the total project units must be restricted to Acutely Low Income (ALI) and/or Extremely Low Income (ELI) Households. Existing tenants should not be displaced if their incomes exceed newly adopted limits under this program. Unit affordability targets should be achieved over time through natural unit turnover.
- Up to 20% of the total project units may be unrestricted with respect to rents and household incomes if necessary to make the project financially feasible in accordance with Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)(b)(4), but all other units must be restricted to be affordable to Lower Income Households. If the unrestricted units are occupied at the time of the project's participation in the Preservation Program, existing tenants should not be displaced. Units should instead float to the higher rent target over time through natural unit turnover.
- LAHD will specify applicable income targeting and rent schedules in each NOFA.
- All deed restricted affordable units must be affordable in perpetuity, as defined in *Section 2.5*, with AMI limits set at the project rather than unit level, and a target of average 60% AMI across each project, subject to City Attorney approval of the regulatory agreement. LAHD will apply HUD/LIHTC income targeting and rent schedules, with the exception of when the project or units in the project are subject to regulatory agreements that require Health and Safety Code income targeting and rent schedules.

Labor Compliance

- Must pay prevailing wage.
- If there will be major construction or rehabilitation on projects with 40 units or more, the project must comply with the City of Los Angeles Department of Public Works Master Project Labor Agreement (PLA) or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council.

Outside Leveraging:

- Leveraging of additional public sources is allowed so long as the outside funding sources do not preclude conversion to tenant ownership, permanent affordability, or any other requirements in the ULA measure and ordinance.

2.3 Eligible Activities

Eligible activities include providing financial assistance, and may include making subordinate, long-term, low-interest, or residual receipts loans to projects that provide affordable rental or homeownership housing, supportive housing, and/or mixed-income housing in accordance with ULA maximum of 20% market rate.

Eligible project costs include:

- Acquisition costs during predevelopment;
- Predevelopment costs, including but not limited to costs for architectural plans and renderings, Environmental Review and Historic Preservation; and Phase I Environmental Assessment Report, Phase II Environmental Assessment Report (if required), and Lead/Asbestos Reports as defined in the Department's Affordable Housing Managed Pipeline Program Requirements (Sept. 2022);
- Construction and financing costs, including but not limited to demolition, off-site public improvements, construction bonds, general contractor and subcontractor payments including overhead, profit, and general conditions;
- Soft costs related to the construction and development of the project, including but not limited to conventional financing, design, program, financing, and entitlement processing, developer fees, legal fees, and professional fees;
- Relocation and related expenses;
- Costs associated with market-rate units provided only for the purpose increasing project financial stability in accordance with Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)(b)(4); and
- Reasonable reserves for operating costs, for projects requiring short-term capitalized operating assistance, that are still able to demonstrate long-term financial viability without operating assistance except from Section 8 Housing Choice Vouchers or similar long-term rental housing vouchers.

2.4 Ineligible Activities

Funds awarded under the Alternative Models Preservation Program shall not be used for the following expenses or activities:

- Substitution for any committed permanent project financing source, unless the substitution was approved at the time of commitment.
- Reimbursement for project costs that have been paid by another project funding source, unless the reimbursement was approved at the time of commitment.
- Travel expenses, food, or meals.
- Application fees for other project financing.
- Office or general organizational expenses.
- Costs that would normally be paid by the Limited Partnership or Limited Liability Company.
- The payment of delinquent taxes, fees, or charges on properties.

2.5 Loan / Financial Assistance Terms and Limits

Loan Limits: At least once per year, loan limits will be established according to the following process:

1. LAHD will determine the average per unit Total Development Costs (TDC) by unit typology in the previous fiscal year. LAHD will use comparable benchmark projects funded by ULA or other City sources to determine average costs.
    - Average per unit costs will be adjusted by an inflation factor.
2. LAHD will determine the average per unit supportable debt by unit typology and at prevailing interest rates.
3. Assuming up to two (2) additional public financing sources, LAHD will determine the projected gap between the per unit cost, per unit soft sources, and per unit supportable debt, for each unit typology.
4. LAHD will set limits on financial assistance for each unit typology to ensure that projects achieve long-term financial stability.

LAHD may update loan limits more frequently if necessary to account for changes in economic conditions.

Loan Type: Predevelopment, construction (including reimbursement of acquisition and predevelopment costs), and permanent loans. Permanent loans will allow for transfer of ownership to a legal entity owned and/or controlled by residents.

Interest Rate: The interest rate for all loans is three percent (3%) simple interest. LAHD may determine a lower interest rate of no less than 1% if it is found to be necessary for project feasibility.

Calculation of Interest: Simple interest will be calculated on the loan amount outstanding and based upon a 365-day year, and actual number of days elapsed.

Term of Loan: The permanent loan term shall be no less than 57 years.

Term of Affordability Covenant: The term of the affordability restrictions in the Regulatory Agreement shall be in perpetuity (or such shorter period of time as may be required by applicable law); provided, however, that for projects qualifying for LIHTC, tax-exempt bonds, or federal or state government-sponsored entity loan programs, LAHD, shall, based on a Department finding of extraordinary need, have flexibility to structure the terms in its loan documents and/or covenants or restrictions in regulatory documents, so that the project as underwritten at closing is financially feasible and compatible with such program requirements.

Developer Fee: The allowable Developer Fee(s) will be established by LAHD and included in the NOFA, to be approved by the Mayor and Council prior to issuance, and shall be

consistent with the most recent TCAC regulations in effect. LAHD will update developer fee limits as needed to remain consistent with TCAC limits.

These loan and financial assistance terms may be adjusted in the future, in consultation with the Citizens Oversight Committee, based on additional research and policy considerations regarding social housing strategies.

2.6 Sponsor and Project Underwriting Standards

Applications shall be reviewed in accordance with LAHD Sponsor Underwriting Guidelines and Project Underwriting Guidelines. Underwriting Guidelines are available to the public, revised regularly to reflect the most up-to-date LAHD staff analysis of financial stress and risk tolerances.

For Sponsor Underwriting Guidelines, the analysis is based on:

- Portfolio size and health, including deferred maintenance needs, lease-up rates, amount of reserves, cash flow, and debt coverage ratios;
- Development record, including number of projects completed or in development, and projects meeting development milestones on time and on budget; and
- Organization health, including reviews of three (3) most recent years of Audited Financial Statements (AFSs), and tests of assets, revenues, expenses, cash flow, debt, and liabilities, and organizational budgets, financial projections, staffing plans and board participation records.

Project Sponsors that lack significant experience or capacity are required to partner with an experienced entity that satisfies Sponsor Underwriting standards, and that can demonstrate that the organization brings adequate financial and staff capacity to guarantee successful development and operations of the project, including by showing that the partner organization has sufficient experience in property management and project development that would meet the standards set in the Sponsor Underwriting Guidelines.

For Project Underwriting Guidelines, the analysis is based on review of potential portfolio liabilities and challenges, benchmarks of cost drivers, economic conditions, compliance with legal and regulatory mandates, and other variables that affect the broader affordable housing environment.

Project Underwriting Guidelines may include parameters for:

- Reasonable costs;
- Income and expense escalators;
- Bonding, insurance, and other liability coverage requirements;
- Operating and replacement reserve ratios;
- Lien priority;

- Taxes and fees;
- Hard and soft cost contingencies;
- Debt service;
- Vacancy rates;
- Relationship of proposed rents to neighborhood market rents; and
- Proposed project timeline for development and lease up.

2.7 Loan Management and Occupancy Monitoring

a. Loan Management

Sponsors of awarded projects are required to:

- Submit Audited Financial Statements (AFSs) annually and effectuate loan payments by the date indicated on the loan agreement.
- As applicable, complete a Calculation of Residual Receipts Form using information from the AFS for each project. LAHD may make technical adjustments to the calculation before issuing a final invoice for any underpayments, or providing a credit for overpayments.
- Maintain adequate operating and replacement reserves, and obtain pre-approvals from LAHD prior to withdrawals from these funds.
- Submit Real Estate Owned Schedule annually showing actual operating costs and income for each project.

b. Occupancy Monitoring

Once a year, project owners must submit documentation that demonstrates that tenants who occupy restricted units are income-eligible and that the rents they pay are within the allowable program limits. Affirmative marketing practices aim to further the goals of the ULA measure and ordinance, which include improving access to permanent affordable housing for vulnerable populations. Affirmative marketing practices shall require that project owners market to non-English speakers. The project owner will also agree to provide regular reporting on demographic information related to tenants, consistent with ULA-required tracking and reporting on tenants housed using Program funds.

c. Default

The loan agreement will specify the events that may cause LAHD to declare the borrower in default. These events include, but are not limited to:

- Failure to construct/rehabilitate the proposed project within the time agreed;
- Breach of rental/ownership covenants;
- Failure to maintain the property in good condition;
- Failure to make agreed-upon loan repayments;

- Failure to receive an LAHD approval prior to any change in ownership entity;
- Breach of affirmative action, equal opportunity, contractor responsibility, equal benefits or MBE/WBE requirements;
- Failure to submit annual financial statements certified by a certified public accountant;
- Failure to comply with Measure ULA Project Labor Agreement and prevailing wage requirements, as applicable;
- Failure to meet accessibility construction standards, and/or failure to comply with all applicable accessibility standards, including but not limited to: Section 504 of the Rehabilitation Act of 1973 as amended, Title VIII of the Civil Rights Act of 1964 as amended in 1988 by the Fair Housing Amendments Act, and the Americans with Disabilities Act Title II, the State of California's Unruh Act, Department of Fair Employment and Housing (DFEH) Regulations and California Government Code Section 11135 et. seq.;
- Failure to maintain appropriate insurance coverage without LAHD approval;
- Commencing construction (including demolition) without LAHD authorization;
- Failure to abide by development and/or construction schedules;
- Failure to maintain the project "in balance" during construction;
- Failure to pay property taxes that are associated with the project;
- Bankruptcy;
- Dissolution or insolvency of the ownership entity;
- Failure to adhere to construction cost limits as stated in Section 3.7 of the AHMP Guidelines; and
- Uncured event of default under any other loan agreements from federal, state or county or private lenders.

d. Event of Conflict

Projects must comply with all covenants and loan agreements. Where there are discrepancies between these Alternative Models for Permanent Affordable Housing Preservation Program Guidelines and other funding requirements, the most restrictive will prevail, except if the other funding requirement would preclude conversion to tenant ownership or permanent affordability.

SECTION 3: FUNDING ROUNDS, TIMING, AND APPROVAL PROCESS

Based on these Preservation Program Guidelines, LAHD will periodically release NOFAs to announce the opening of applications and to effectuate the awarding of funds. The terms and requirements of these Preservation Program Guidelines shall be applicable to each NOFA, and a NOFA may incorporate additional supplementary terms and details that further clarify LAHD policy and objectives.

The terms of each NOFA must be approved by the Mayor and Council prior to issuance.

3.1 Notice of Funding Availability (NOFA) Development Process and Publication

Subject to funding availability, LAHD shall issue one (1) Preservation Program NOFA per year. The timing of each NOFA shall be announced at least three (3) months in advance, and applicants shall have at least 45 days from the release of a NOFA to submit proposals.

Each Preservation Program NOFA shall provide specific maximum loan limits, which may or may not vary depending on unit type and depth of affordability. Loan limits will be determined as a function of estimated development costs, availability of external public subsidies, and LAHD goals with respect to unit typology and affordability mix, as described in *Section 2.5*.

Moreover, each Preservation Program NOFA shall define “at-risk” properties eligible for Program funding:

- Projects under significant financial distress: LAHD will establish standards for financial stress testing.
- Projects with expiring covenants: LAHD will define a timeframe for expiration of affordability restrictions.

At least five (5) business days before the application window opens, LAHD shall hold a Bidders’ Conference to provide a high-level overview of the NOFA and respond to sponsor questions.

3.2 Application Submittal and Review

Each Preservation Program NOFA shall be accompanied by detailed guidance about how to submit a complete application, including where to submit an application and all documentation requirements that must be attached upon submission.

Applications shall be reviewed, underwritten, and scored on a rolling basis until the application window closes. Once the deadline to submit has passed, applications that pass threshold review will be divided into two priority pools and ranked by score within each pool.

LAHD will first recommend funding allocations to the first pool, which is for qualified CLTs and partnerships that include CLTs, in order of highest to lowest score. If funding allows, LAHD will then recommend funding allocations to the second pool in order of highest to lowest score.

More detailed information about this is provided in *Section 4: Threshold Requirements* and *Section 5: Selection Process and Criteria*.

Funding recommendations shall be publicized and applicants shall have a window to submit an appeal before LAHD finalizes funding commitments and, as applicable, transmits funding commitment recommendations to City Council.

3.3 Appeal Process

LAHD funding recommendations can be appealed by the applicant. Each NOFA will provide detailed guidance delineating acceptable grounds for appeal and the process for filing an appeal. Applicants shall not file an appeal regarding LAHD staff evaluation of another applicant's application.

3.4 Council Approval Process

Consistent with Los Angeles Administrative Code Section 22.618.3(d)(1)(iv), LAHD shall present the recommended Preservation Program projects to the City Council and Mayor with award amounts and conditions to be met prior to funding. As applicable, the City Council and Mayor will authorize the General Manager of the LAHD, or designee, to determine that funding conditions have been met; to negotiate and execute the relevant financing documents for the project, subject to the approval of the City Attorney as to form; to prepare Controller instructions and make any necessary technical adjustments consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO); and request that the Controller implement the instructions.

In the event of necessary technical corrections and adjustments that do not change the affordability mix, total number of units, or loan amount per unit, the General Manager of LAHD, or designee, shall be authorized to approve such corrections.

SECTION 4: THRESHOLD REQUIREMENTS

The following section enumerates the elements of a complete Preservation Program application and describes the documentation requirements associated with each element. All applicants must demonstrate reasonableness of funding request and project feasibility. Applications will first undergo Threshold Review to ensure that all required elements have been met.

Applications that do not meet threshold requirements will not be reviewed or considered for funding.

4.1 Summary of Threshold Items

The following subsections provide a summary of each Threshold Item and descriptions of materials that will be required to demonstrate the Project satisfies each Threshold Item.

a. Financial Feasibility

Financial feasibility is a threshold requirement. To demonstrate financial feasibility, applicants must submit a complete pro forma financial analysis using a template workbook that has been approved by LAHD and complies with LAHD Project Underwriting Guidelines.

b. Capital Needs Assessment (CNA) and Scope of Work (SOW)

Project Sponsors are required to submit a Capital Needs Assessment (CNA) identifying all current and anticipated capital and/or maintenance needs within the next five (5) years, and a proposed Scope of Work (SOW) detailing maintenance, repairs, and rehabilitation, and capital improvements to be undertaken. Preservation projects are required to complete, at minimum, the items indicated within the SOW and as supported by the CNA.

If a Capital Improvement Plan is part of the SOW, that must be included in the application.

c. Proof of Financial Stress

Project Sponsors are required to demonstrate that the property is at risk of losing its affordability either due to significant financial stress or expiring covenants.

For any eligible project under significant financial distress, Audited Financial Statements (AFSs) must be provided as part of the application in order to demonstrate eligibility. LAHD will establish standards for financial stress tests within each Preservation Program NOFA.

d. Expiring or Expired Covenants

Project Sponsors are required to demonstrate that the property is at risk of losing its affordability either due to significant financial stress or expiring covenants.

For any eligible project with expiring or expired covenants, a copy of the property's affordability covenant is a threshold item required to demonstrate eligibility. LAHD will establish a timeframe for covenant expiration within each Preservation Program NOFA.

e. Project Labor Agreement (PLA)

For projects with 40 units or more, the Project Sponsor must submit a Letter of Assent attesting that it will comply with all the terms and conditions of the City of Los Angeles Board of Public Works Master Project Labor Agreement (PLA), or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council.

For more information, please refer to *Los Angeles Administrative Code* Section 22.618.7.

f. Replacement, Relocation, and Right of First Refusal

Units demolished for redevelopment under this Program shall be replaced at a ratio of one replacement unit for each qualified demolished unit, subject to a Replacement Unit Determination (RUD) by LAHD. Moreover, replacement units must be restricted to an AMI level that matches the affordability of the household that resided in the demolished unit, or to an AMI level that is more deeply affordable. Project sponsors shall submit a Rent/Income Restriction History Assessment, which must provide, to the best of sponsor's ability, a breakdown by income level of any deed-restricted or rent-controlled residential units that will be or were vacated within the last five (5) years.

Tenants displaced due to ULA-funded construction must be offered Relocation benefits and Right of First Refusal. Project sponsors shall submit a Relocation Plan, which must include offers of comparable dwellings, as well as a Leasing Preference Policy granting Right of First Refusal to tenants displaced by the project.

For more information, please refer to *Los Angeles Administrative Code* Section 22.618.3(d)(1)(i)(c).

g. Project Sponsor Experience

Project Sponsors must submit a Schedule of Projects demonstrating at least three (3) completed projects within the last ten (10) years with: a) Building Typology comparable

to the proposed project; b) financing and affordability restrictions comparable or more complex than the proposed project; and c) Property Management Experience demonstrating positive cash flow, updated building repairs, and compliance with financial and affordability audits. The organization may use the experience of its principal to satisfy this requirement. In addition, sponsor experience will be evaluated based on LAHD Sponsor Underwriting Guidelines.

Eligible applicants without a history of affordable housing experience may satisfy this threshold requirement by partnering with an experienced Nonprofit or show adequate organizational and staff capacity to develop and operate the project.

h. Timeliness Requirement

Timely production of affordable housing is a core objective of the Alternative Models Preservation Program, and project sponsors are required to provide a Milestones Commitment Letter as part of threshold review. The Milestones Commitment Letter must outline key pre-development and construction activities and timelines for completion thereof, including expected completion of Environmental Site Assessments, submission of building permits and start of construction.

LAHD reserves the right to rescind funding commitments to projects that are awarded, but subsequently fail to reach milestones.

i. Site Control

Project Sponsors must demonstrate site control and clean title.

Site control may be evidenced by any of the following:

- Fee title as demonstrated by a current title report;
- Long-term leasehold interest (minimum term must equal term of LAHD regulatory agreement);
- Option to purchase or lease (obtaining financing shall be the sole impediment to exercising the option);
- Executed land sale contract or other enforceable agreement for acquisition of the property;
- Executed Disposition and Development Agreement (DDA) with a public agency; or
- Option to lease or an alternative document that meets CTCAC's site control requirement.

Regardless of the type of site control documents provided, sponsors shall submit with the application a copy of a Preliminary Title Report prepared within the 90 days preceding application submission.

j. Tenant Governance and Ownership

Residents shall have a right to participate directly and meaningfully in decision-making concerning the governance of Alternative Models-funded projects.

Resident Engagement and Leadership Plan Requirements

All sponsors are required to provide a Resident Engagement and Leadership Plan that includes the following:

- Meetings to create Community Agreements.
- Monthly gatherings between property management and residents to support community cohesion and raise issues related to the building.
- Quarterly meetings between residents and property management to review operations, management, and adjust Community Agreements.
- Semi-annual meetings between residents and property management to review budgets, financials, and actuals to determine budget priorities.
- Formation of a Resident Council, as defined in Introduction Section 5. In a rental property, the Resident Council must be convened within eighteen (18) months after the building is initially leased up and must meet regularly. In an ownership property, the Resident Council, whether organized as a homeowners' association, cooperative board, LEHC, or other similar representative or elected governance body required by state law based on the legal structure of the property, must be convened within the timeframe mandated by law or six (6) months, whichever is less; and must meet as frequently as is mandated by law, but no less than quarterly, to maintain oversight over property management, finances, and community cohesion.
- Resident Trainings, which provide continuous opportunities for residents to learn about all aspects of managing a residential or mixed-use building, as applicable. Resident Trainings can be provided by capacity-building networks, including any resident governance capacity-building collaborative established by the City.
- If a property is planned for future conversion from rental to ownership, then the financial and design plans for ownership should engage current residents and/or resident representatives such as those on any Resident Council, and such plans should be structured to maximize retention of current residents.
- If a property consists of condominiums, is an LEHC, or includes another form of homeownership, a timeline and process for the establishment and convening of the governing body, as well as the development of policies regarding homeowner education and access to lending opportunities and down payment assistance, marketing and sales policies that meet Affirmatively Furthering Fair Housing standards and any applicable Right of Return or Right of First Refusal policies, and establishment of a Resale Formula.

Tenant Governance Experience Requirements

All Project Sponsors are required to provide documentation that the development team has either experience owning and/or operating residential properties under tenant governance, or, Nonprofit partner(s) with experience owning and/or operating residential properties under tenant governance.

Experience with tenant governance is demonstrated by submitting:

- Community Agreements that have been created and adopted by residents in at least one property; as well as three (3) or more of the following:
- Resident Council meeting minutes from at least one (1) property or portfolio of properties; and/or
- Resident Council bylaws adopted by the residents of at least one (1) property or portfolio of properties; and/or
- CLT ground lease and the by-laws of a resident-owned or resident-controlled housing that is the lessee of CLT land, such that, when viewed jointly, the documents demonstrate on-going relationship between the project sponsor and residents; and/or
- Attestation from residents verifying that the project sponsor has supported a resident-governed property by engaging residents in a collective or representative decision-making process regarding their own rental and ownership housing; and/or
- Demonstrated expertise facilitating community meetings attended by participants with linguistic, cultural, household income and/or other demographic characteristics similar to the anticipated resident population; and/or
- Evidence that current staff have received capacity-building training specific to resident governance or resident ownership, including, but not limited to, training provided by the ULA-funded Capacity-Building Program.

Developers that do not have capacity themselves to support tenant governance must partner with a locally-based Nonprofit organization that has a demonstrated history of managing residential properties under tenant governance models. Partnerships may take the form of General Partnerships, Limited Partnerships or Limited Liability Companies or other Special-Purpose Entities (SPEs) where the experienced Nonprofit has an ownership stake in the SPE, or fee-for-service contractual agreements with a Nonprofit demonstrating experience in tenant governance. Partnership documents must provide an outline of roles and responsibilities between developer and partner organization(s).

k. Accessibility Standards

Project Sponsors must provide a Self-Certification Form for Compliance to Accessibility Standards. City-funded projects must comply with all applicable accessibility standards in effect at the time of the NOFA. These include all applicable statutes, ordinances, regulations, court orders, consent decrees, or other legally enforceable standards that may apply to housing projects.

l. Statement of Public Purpose

Project Sponsors must submit a brief narrative statement that considers the COC's Housing Needs Assessment and other available neighborhood-specific information on a community's housing challenges. The Statement of Public Purpose shall identify the household income targeting, housing typologies that best fit community needs, and cultural/linguistic competencies necessary for project owners to support residents who will be integrating into a high resource neighborhood, or those who seek stable housing in a neighborhood with high displacement risk.

The Statement of Public Purpose should address but not be limited to the following:

- Alignment with ULA Purpose and Goals: Describe how a proposed project would benefit the community in which it is located, meet the public needs identified in the COC's Housing Needs Assessment through the project's community outreach and final design, and advance the goals of the ULA ordinance as defined in the Measure's Section 22.618.1: Purpose.
- Community Outreach and Engagement: Describe community engagement to date, including but not limited to, any partnership(s) with community organization(s) that are led by and/or represent populations anticipated to be served by the project, and identification of languages that will be used in future engagement/outreach.
- Tenant Governance and/or Ownership: Explain proposed tenure option(s) based on input from community partner(s) and/or community members, as well as financial analysis of feasibility.
- Affordability Levels: Explain proposed affordability levels based on input from community partner(s) and/or community members, as well as available data that evaluates affordability needs at the neighborhood level.
- Unit Size: Explain proposed unit sizes based on input from community partner(s) and/or community members, as well as available data that evaluates unit size needs at the neighborhood level.

m. Enhanced Environmental Health Commitment

For project sites located within areas with a CalEnviroScreen 4.0 Overall Score in the 80th percentile or higher (or any equivalent score in any successor version of this

screening tool), the project sponsor shall include a narrative describing how the project will meet the following requirements:

- Community Engagement Requirement: As part of the site's Phase I Environmental Site Assessment (ESA), the project sponsor will be required to conduct community engagement activities that include a focus on lower-income neighborhood residents who represent similar income categories as are intended to be served by the project, prospective residents, and/or others with lived experience of housing unaffordability and insecurity. Such activities will solicit input in order to complement the Phase I ESA findings by identifying any potential public health concerns related to conditions on the project site or neighboring sites, including soil conditions, construction materials used in existing or previous improvements, or historic land uses, including conditions which are not officially documented in public agency lists such as the California Department of Toxic Substances Control's (DTSC's) Cortese List or otherwise have known hazards.
- Analysis Requirement: Based on the results of community engagement and Phase I ESA findings, the sponsor will identify any further need for site-level analysis to be conducted by qualified professional consultants.
- Project Design Requirement: As applicable, based on the results of professional analysis and identification of any site-specific conditions which may be linked to public health concerns, the sponsor will describe how the project design will address the anticipated concerns, and commit in writing to implementing such design features if the project is awarded ULA funding.

4.2 Application Requirements

Subject to funding availability, LAHD will issue two NOFAs every year detailing the complete application requirements and the amount of funding available. Each NOFA will indicate the form of the application, which must be submitted electronically. For an application to be considered complete, all requirements listed in the NOFA must be provided.

At LAHD's discretion, a NOFA may provide additional application and/or threshold requirements that are not listed in these Preservation Program Guidelines, so long as the additional requirements are consistent with the goals and purpose of the Program and the ULA ordinance.

SECTION 5: SELECTION PROCESS AND CRITERIA

Applications determined to have passed Threshold Review will be scored and prioritized for funding based on the methodology and selection criteria outlined in this section.

5.1 Evaluation and Scoring Criteria - General

All applications will be scored according to a Scoring Matrix, which will be an element of each NOFA released by LAHD. The Scoring Matrix shall prioritize, among other elements, cost effectiveness, unit typologies that align with City goals, and projects that demonstrate ability to begin construction more quickly (project readiness), as those criteria are further described in *Section 5.2*.

After applications are scored, they will be divided into two pools:

1. Entities proposing feasible sustainable projects and incorporated as Community Land Trusts (CLTs) or Special-Purpose Entities (SPEs) with CLT participation in the SPE's ownership, and demonstrating experience owning and operating properties under resident leadership will receive first funding priority. Applications in the first pool will receive their funding awards in descending order by score, until funds are exhausted.
2. Entities that are either not CLTs or unable to demonstrate direct experience managing resident-led properties will receive second funding priority. If funding remains after allocations are made to the first pool, applications in the second pool will receive their funding awards in descending order by score.

In the event that two or more projects in the same funding pool receive the same score, they will be prioritized based on a tiebreaker score, to be defined in each NOFA.

5.2 Evaluation and Scoring Criteria - Scoring Priorities

NOFAs will include specified scoring criteria that will reflect the following priorities.

Priority	**Description**
History of Tenant Organizing	Projects with a history of outreach to the property's tenants, including but not limited to attestation and/or meeting minutes from an organized group of the property's residents, or a letter of support signed by a majority of the building's households.
Entitlement Readiness	Entitlement Readiness may be defined as projects that have secured all necessary entitlements or have the ability to demonstrate that the project can be approved by-right. This can be demonstrated by Preliminary Zoning Assessment, Zoning Letters, Letter of Compliance, or Determination Letter with approved entitlements.
Cost Effectiveness	Cost effectiveness will be evaluated on a per unit basis, with adjustments for high cost land areas.
Risk of Affordability Loss	For projects with expiring covenants, priority would be for covenants with more imminent expiry.
Priority Populations	Projects that set aside a certain percentage of units for special needs populations (the special needs units can count towards the 20% ALI/ELI set aside requirement).

ULA OPERATING ASSISTANCE PROGRAM GUIDELINES

TABLE OF CONTENTS

Introduction
Section 1 | Administrative Overview
Section 2 | General Provisions
Section 3 | Funding Rounds, Timing, and Approval Process
Section 4 | Threshold Requirements
Section 5 | Selection Process and Criteria

Appendix
A. United to House LA Measure

INTRODUCTION

1. Program Summary

a. Goals and Requirements

The Operating Assistance Program supports affordable housing in the City of Los Angeles by providing operating support for projects facing a short-term disruption in cash flow or wider economic shock.

The United to House LA (ULA) ballot measure and effectuating ordinance creates an Operating Assistance program that is allocated no less than 5%, and up to 9%, of House LA Program funds.

The ULA Affordable Housing Programs include Multifamily Affordable Housing, Acquisition and Rehabilitation, Capacity-Building, Homeownership, Operating Assistance and Alternative Models for Permanent Affordable Housing. Following is a summary of universal ULA Requirements that must be met in all Affordable Housing programs, as further delineated in Los Angeles Administrative Code Section 22.618.3(d)(1)(i):

- All units affordable to Lower Income Households, with a limited exception for units created under the Alternative Models for Permanent Affordable Housing Program.
- All units are restricted affordable in perpetuity, with limited exception to permit 55-year covenant terms if required by other funding sources in the project.
- One-to-one replacement of existing qualifying units as required, as verified by a Replacement Unit Determination (RUD) from LAHD.
- Provide relocation benefits and right of first refusal to any qualifying existing occupants.
- Prevailing wage is required for all construction activities.
- A Project Labor Agreement (PLA) required for construction and rehabilitation of 40 or more units.

Additionally, the below requirements are applicable to all activities under the Operating Assistance Program:

- Activities must support new construction, acquisition, and/or rehabilitation of existing housing.
- Activities must take the form of project-based, multi-year rental subsidies, or operating subsidies, or service subsidies.
- Activities must prioritize projects housing Acutely Low Income and/or Extremely Low Income Households, as well as projects that will maintain Nonprofit

ownership, Community Land Trust (CLT) stewardship, and/or shared-equity tenant ownership.

2. Context

As of June 2024, LAHD has a $2.7 billion multifamily affordable housing loan portfolio that serves more than 120,000 residents in the City of Los Angeles. Of that loan portfolio, over $205 million in loans are tied to projects that have nearly depleted their reserves to manage increased operational costs. Out of 649 projects analyzed in 2023, 158 projects did not have positive cash flow. Operational costs have increased for a number of reasons, including but not limited to increased inflation rates, utility bill increases, and higher insurance premiums. In addition, reduced rental income which resulted from economic impacts of the COVID-19 pandemic has further contributed to negative cash flow. In particular, many permanent supportive housing projects face substantial operational deficits that deplete reserves, sometimes completely. Some of the most at-risk projects are those with a high share of units occupied by higher acuity residents. These projects often require frequent high-cost repairs, and involve more intensive property management in addition to the provision of supportive services.

LAHD's Troubled Assets Working Group maintains a Watchlist of properties that are in most serious financial risk within the City's affordable housing portfolio. As of May 2024, there are about 100 properties on the Watchlist.

ULA provides funding for several affordable housing production paradigms. The Operating Assistance Program is unique in that it is positioned to address operational needs of new housing that may be constructed in the future as a result of the ULA affordable housing production programs, as well as ongoing operating needs of the City's existing affordable housing portfolio.

3. Commitment to Racial Equity

Existing data and scholarship confirm that Black, Latinx, and other communities of color are disproportionately affected by homelessness. These Operating Assistance Program Guidelines acknowledge that this disproportionality is the result of generations of structural racism. Decades of land use policies and zoning practices have reinforced racial segregation, poverty, environmental injustice, and disinvestment that is manifested in the demographics of our contemporary homeless population.

As ULA seeks to foster innovative initiatives to manage assets and cover operational costs, the implementation of the Operating Assistance Program is specifically designed to promote racial equity, with a focus on supporting projects that serve the City's most vulnerable communities by providing operating assistance for projects facing a short-term disruption in cash flow or wider economic shock.

Consistent with this commitment to promote racial equity, the Operating Assistance Program is designed to be attuned to the needs and realities of historically marginalized communities, and how racism, as well as disability, transphobia, sexism, and other community experiences affect the vulnerability of a neighborhood, and its experiences. To this end, the Operating Assistance Program provides resources to support the ongoing maintenance and operation of affordable and supportive housing, in order to ensure stability of existing vulnerable communities.

4. Program Metrics

The Los Angeles Housing Department (LAHD) and program partners will collect information in alignment with the ULA measure and ordinance reporting requirements and in a manner that supports the evaluation of long-term impacts and outcomes of the Operating Assistance Program. To the extent feasible, this information includes but is not limited to, the number of units assisted and the number of residents located within each project. Operating assistance activities will be tracked as they relate to the following metrics identified in the chart below. Wherever relevant, data shall be disaggregated by race, family composition, sexual orientation, age, ability, gender, and location (address, zip code, and Council District).

Goal	Metrics
Ensure long-term financial stability by awarding operating assistance to qualifying housing developments.	● Number of units provided operating support, reported by: ○ Income category. ○ Location in High or Highest Resource areas. ○ Located in Racially/Ethnically Concentrated Areas of Poverty (R/ECAP). ○ Location in Racially Concentrated Areas of Affluence (RCAA). ○ Location on public land. ○ Location near public transit.
Ensure long-term housing stability for tenants, in alignment with ULA goals and priorities.	● Number of residents living in buildings receiving operating assistance, to be disaggregated by the ULA measure and ordinance reporting requirements.
Ensure fiscal prudence and responsibility by strategically expending funds.	● Number of dollars expended, reported by: ○ Fiscal Year. ○ Project. ○ Unit.

LAHD shall analyze these and potentially additional metrics and participant data annually and provide a summary of its analysis to the ULA Citizens Oversight Committee (COC) to allow for an assessment of whether the Program is meeting its goals and priorities.

5. Branding

LAHD, in collaboration with the ULA COC, shall develop and implement a plan to include ULA branding on all program materials. This shall include digital and paper materials, signage (e.g., at public workshops or construction sites), and permanent branding on/in housing funded by Measure ULA (e.g., a permanent sign or plaque).

6. Definitions

"Acutely Low-Income" shall have the same meaning as in Section 50063.5 of the California Health and Safety Code.

"Audited Financial Statement(s)" shall mean organizational records covering the balance sheet, statement of cash flow, and other documents describing the organization's financial position and that have been reviewed and approved by independent third-party auditors.

"Borrower(s)" shall mean an entity that has been approved for or received a loan from the Los Angeles Housing Department ("LAHD") that has remaining interest or principal to be paid, or for which the term of the loan has not yet expired.

"California Tax Credit Allocation Committee" shall mean the state agency that creates the Qualified Allocation Plan ("QAP") for allocating Low Income Housing Tax Credits ("LIHTC") within the State of California. It is also abbreviated as "CTCAC" or "TCAC." The QAP published by CTCAC/TCAC is commonly referred to as "TCAC Regulations"

"California Debt Limit Allocation Committee" shall mean the state agency that administers the state's annual debt limit ceiling and administers the state's tax-exempt bond program to allocate such bonds to projects. It is also abbreviated as "CDLAC."

"Capital Needs Assessment" shall mean a third-party analysis based on a building inspection that identifies problems in major building systems such as structural, electrical, plumbing, sewage, roofing, flooring, mechanical, heating/cooling, and safety.

"Citizens Oversight Committee" shall mean the body of 15 appointed members who monitor the activities of the House LA Fund and advise the Mayor, City Council, and the Los Angeles Housing Department ("LAHD") on priorities, program guidelines, and program implementation. It is also abbreviated as "COC."

"Community Agreement(s)" shall mean a document that is created by residents of a property for the purposes of defining how they will live together and the acceptable behaviors for

residents and their guests, and how disagreements or disputes between neighbors will be resolved. Each property that has received United to House Los Angeles ("ULA") funds through the Alternative Models for Permanent Affordable Housing and/or the Acquisition and Rehabilitation for Affordable Housing programs must produce a Community Agreement.

"Community Land Trust" shall mean a non-profit corporation within Section 501(c)(3) of the Internal Revenue Code that satisfies all of the following: (i) Has as its primary purposes the creation and maintenance of permanently affordable single-family or multifamily residences; (ii) All dwellings and units located on the land owned by the non-profit corporation are sold to a qualified owner to be occupied as the qualified owner's primary residence or rented to Lower Income Households or Moderate Income Households, or held by the non-profit corporation for the same purpose; (iii) When a dwelling or unit that is situated on land owned by the non-profit corporation is sold to a qualified owner, the land is leased by the non-profit corporation to the income-qualified owner for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years. It is also abbreviated as "CLT."

"CTCAC/HCD Opportunity Map" shall mean the geographic tool utilized by the California Tax Credit Allocation Committee ("CTCAC") to index census tracts across the State of California based on economic, social, employment, educational, and environmental indicators. The 2024 version of the tool is linked here.

"Department of Housing and Community Development" shall mean the California Department of Housing and Community Development. It is also abbreviated as "HCD."

"Department of Housing and Urban Development" shall mean the U.S. Department of Housing and Urban Development. It is also abbreviated as "HUD."

"Extremely Low Income" shall have the same meaning as in Section 50106 of the California Health and Safety Code.

"Housing Needs Assessment" shall mean a data-informed study, conducted by the Citizens Oversight Committee ("COC") by December 31, 2023 and updated at least once every three (3) years to understand, quantify, and qualify the City of Los Angeles's housing needs with respect to homelessness, housing affordability, tenant protections and the housing needs of vulnerable populations, including but not limited to people experiencing homelessness, seniors in Lower Income Households, formerly homeless people, persons with disabilities, veterans, single-parent households, youth in transition, survivors of domestic violence, and Lower Income Households. The study must disaggregate data by race, family composition, sexual orientation, age, disability, and gender.

"LAHD Project Underwriting Guidelines" shall mean a project review process created by the Los Angeles Housing Department ("LAHD"), shared publicly, and updated periodically to reflect LAHD staff assessment of necessary financial strength and specific acceptable

tolerance ranges for key financial assumptions and potential challenges of each proposed project. The goal of the Underwriting Guidelines shall be to ensure that each City housing investment creates a project that will be financially and physically viable for the years of the program covenants, and shall provide a good living environment for the residents over the years, and be a positive part of the community. Project Underwriting Guidelines are based on sensitivity testing of potential portfolio liabilities and challenges, benchmarks of cost drivers, economic conditions, compliance with legal and regulatory mandates, and other variables that affect the broader affordable housing environment.

"LAHD Sponsor Underwriting Guidelines" shall mean a review and risk assessment process created by the Los Angeles Housing Department ("LAHD"), shared publicly, and updated periodically to assess the necessary financial strength, organizational capacity and relevant experience to complete and operate the proposed housing project in compliance with guidelines, as a physically and financially healthy project that serves the residents and community well for the years of the covenant. The guidelines shall specify acceptable tolerance ranges for key financial assumptions and potential challenges. LAHD Sponsor Underwriting Guidelines are based on portfolio size and health, development record, organizational and staff capacity to own and direct operations of the proposed project, and organization financial health.

"Limited Equity Housing Cooperative" shall have the same meaning as in Section 817 of the California Civil Code. It is also abbreviated as "LEHC."

"Lower Income Household(s)" shall have the same meaning as in Section 50079.5 of the California Health and Safety Code.

"Low Income Housing Tax Credits" shall mean state or federal tax credit programs that reduce tax liability in exchange for acquisition, rehabilitation, or construction of deed-restricted affordable housing. It is also abbreviated as "LIHTC."

"Nonprofit(s)" shall mean an organization exempt from taxation pursuant to Internal Revenue Code Section 501(c)(3). Instrumentalities of Nonprofit organizations, including wholly owned subsidiaries, are not automatically considered Nonprofits.

"Project Labor Agreement" shall mean the City of Los Angeles Department of Public Works Master Project Labor Agreement ("PLA") or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing ("SCANPH"), and approved by the Los Angeles City Council.

"Real Estate Owned Schedule" shall mean a list of properties owned by an entity and the parent company that controls that entity. The Real Estate Owned Schedule must include projected and actual operating costs and revenues for all properties listed.

"Replacement Unit Determination" shall mean an analysis specifying the count of qualified demolished units i) subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of lower or very low income, ii) subject to any form of rent or price control through a public entity's valid exercise of its police power within the five (5) past years, iii) rented by lower or very low income households, or iv) that were withdrawn from rent or lease per the Ellis Act, within the past ten (10) years, and the Area Median Income ("AMI") restriction that must be recorded consistent with the income level of the most recent qualified household that resided in a demolished unit. It is also abbreviated as "RUD."

"*Resale Formula*" shall mean a formula that is reflected in a ground lease and/or an applicable deed restriction that sets an upper limit on the price for which a home or a cooperative share with resale restrictions may be resold, and that is applied consistently to each home or share upon resale.

"Resale of Rental Property" shall mean a change in ownership via a change in fee title on a property, or a long-term master lease of greater than thirty (30) years.

"Resident Council(s)" shall mean any of the following: i) an elected body of residents in a property who represent the residents in deciding the policies and financial priorities of a building; or ii) a homeowners' association, cooperative board, LEHC, or other similar representative or elected governance body required by state law based on the legal structure of the property. Each property that has received ULA funds through the Alternative Models for Permanent Affordable Housing and/or the Acquisition and Rehabilitation for Affordable Housing programs shall be supported in developing a Resident Council.

"Residual Receipts" shall mean loan terms that offer below market rate interest, deferred payments, and loan payments that are due only after, and if, operating costs and senior debt service are paid.

"Stabilization Plan and Exit Strategy" shall mean a document that identifies whether the project is: i) able to fully resolve operating losses using Program funding only; or ii) using Program funding as a bridge to stabilization using future, non-Program funding sources; or iii) using Program funding as a temporary stopgap in response to a sector-wide or industry-wide structural economic challenge such as increasing insurance premiums. The Stabilization Plan and Exit Strategy must provide detailed milestones for bringing the project back into positive cash flow including timelines for each stage of the stabilization process and external funding sources, if applicable.

"Statement of Public Purpose" shall mean a document that, in consideration of the COC's Housing Needs Assessment and other available neighborhood-specific information on a community's housing challenges, describes how a proposed project would benefit the community in which it is located, meet the public needs identified in the COC's Housing

Needs Assessment through the project's community outreach and final design, and advance the goals of ULA as defined in Los Angeles Administrative Code Section 22.618.1: Purpose.

"Very Low Income" shall have the same meaning as in Section 50105 of the California Health and Safety Code.

SECTION 1: ADMINISTRATIVE OVERVIEW

1.1 Program Administration

The Operating Assistance Program is administered by the City of Los Angeles Housing Department (LAHD). Within LAHD, the Housing Development Bureau (HDB) manages the development and issuance of Notices of Funding Availability (NOFAs), and project review and underwriting, including scoring and awarding of applications, as well as asset management and portfolio monitoring.

1.2 Notice of Funding Availability (NOFA) Schedule

Subject to funding availability, LAHD will offer one NOFA for the Operating Assistance Program every fiscal year. Additional information regarding the NOFA, project application, and project award schedule will be provided in Department-issued NOFAs.

More detail about the NOFA development and issuance process is detailed in *Section 3* of these Operating Assistance Program Guidelines.

SECTION 2: GENERAL PROVISIONS

The following section provides a summary of general Program requirements and how the Program will be administered.

2.1 Eligible Applicants

Eligible applicants are public entities, local housing authorities, Community Land Trusts (CLTs), Limited Equity Housing Cooperatives (LEHCs), and Nonprofits. Partnerships such as General Partnerships, Limited Partnership, and Limited Liability Companies may apply provided that the Managing General Partner is an eligible entity. A for-profit entity cannot be the Managing General Partner.

<u>Affordable Housing Experience</u>

The ULA Measure and Ordinance requires applicants to have experience with affordable housing development and property management within the project team. However, eligible entities without sufficient experience developing and managing affordable housing developments may partner with an experienced Nonprofit to apply for Program funding, as long as the experienced Nonprofit participates in the ownership of the project as a Managing General Partner.

LAHD Loan Requirement

Applicants must either have an existing housing project funded by the City of Los Angeles, or a commitment for a new housing project to be funded by the City of Los Angeles. Priority will be given to projects housing Acutely Low Income or Extremely Low Income households, as well as projects that maintain ownership or stewardship by Nonprofits, Community Land Trusts (CLTs), and Limited Equity Housing Cooperatives (LEHCs).

2.2 Eligible Projects

Projects must meet the following requirements to be eligible for Program funds:

LAHD Loan
Projects must be recipients of LAHD funding or of a commitment for LAHD funding.

Project Size:
There is no maximum or minimum project unit count applicable to this program.

Affordability Requirements and Applicable Rent Schedules:
All units receiving operating support must be covenanted to be affordable to households earning 80% Area Median Income (AMI) or below. Mixed-income projects under the Alternative Models for Permanent Affordable Housing Program are also eligible for funding.

LAHD will apply HUD/LIHTC income targeting and rent schedules. However, projects must comply with all income targeting and rent schedules required by other funding sources and must apply the most restrictive, if there is a conflict.

Labor Compliance:
Any work funded through the Operating Assistance Program, including, but not limited to construction, maintenance, repairs or rehabilitation work will pay prevailing wage.

2.3 Eligible Costs and Maximum Assistance Limits

Given the dynamic nature of operations costs for affordable and supportive housing projects within the LAHD portfolio, eligible costs and maximum assistance limits will be determined by the Los Angeles Housing Department regulations and term sheets for the Operating Assistance program and reevaluated annually. These regulations and term sheets will be informed by overall portfolio stabilization needs which may be evidenced by the following: applicant-submitted documents from prior years, statements of operations, capital needs assessments and corresponding scopes of work, and audited financial statements.

2.4 Ineligible Costs

Capital expenditures for new construction are disallowed under this program.

2.5 Form of Assistance

Operating Assistance will be provided in the form of a forgivable loan or a residual receipts loan.

2.6 Monitoring and Compliance

Because only properties within the LAHD Asset Management division's existing portfolio, and projects that are slated to enter the portfolio with ULA funding, are eligible to apply for Operating Assistance Program funding, all eligible applicants would already be under LAHD occupancy monitoring and loan management upon submitting a request for operating assistance. Sponsors of awarded projects will continue submitting Audited Financial Statements (AFSs) to LAHD on an annual basis and effectuate residual receipts loan payments.

SECTION 3: FUNDING ROUNDS, TIMING, AND APPROVAL PROCESS

3.1 Notice of Funding Availability (NOFA) Issuance

Based on these Operating Assistance Program Guidelines, LAHD will periodically announce a Notice of Funding Availability (NOFA) to accept applications and effectuate awarding of funds. The terms and requirements of these Operating Assistance Guidelines shall be applicable to each NOFA, and a NOFA may incorporate additional supplementary terms and details that further clarify LAHD policy and objectives.

3.2 Development and Planning for Funding Rounds

Subject to funding availability, LAHD shall issue one NOFA per year. Participation in the NOFA shall only be available to projects within the LAHD loan portfolio, or any projects that receive an award of funding through ULA Affordable Housing Programs. The timing of each NOFA shall be announced at least three (3) months in advance of the application opening, and applicants shall have at least 30 days from the opening of the NOFA to submit proposals.

Each Operating Assistance Program NOFA notice shall provide specific maximum assistance limits, which may vary depending on unit typology. Each NOFA may also apply limits to the maximum number of projects for which a developer can request assistance through this Program. Prior to issuing each NOFA, LAHD will provide an update to the COC and City Council pertaining to the maximum loan limits.

At least five (5) business days before the application window opens, LAHD shall host a non-mandatory Bidders' Conference to provide a high-level overview of the NOFA and respond to sponsor questions.

3.3 Application Submittal and Review

Each Operating Assistance NOFA shall be accompanied by detailed guidance about how to submit a complete application, including where to submit an application and all documentation requirements that must be attached upon submission.

Applications shall be reviewed, underwritten, and scored on a rolling basis until the application window closes. Once the deadline to submit has passed, timely applications that pass threshold review will be scored according to prioritization criteria and ranked by score. For more detailed information about these elements, see *Section 4: Threshold Requirements* and *Section 5: Selection Process and Criteria*.

LAHD will first recommend funding allocations to the highest scoring project, and then allocate to subsequent projects in order of highest to lowest score, until funding is exhausted.

Preliminary recommendations shall be publicized and applicants shall have a window to submit an appeal before LAHD transmits its funding recommendations to the City Council.

3.4 Appeal Process

LAHD's preliminary recommendations of funding allocation can be appealed by the applicant. Each NOFA will provide detailed guidance delineating acceptable grounds for appeal, the process for filing an appeal, and the standards for adjudicating an appeal.

Applicants shall not file an appeal regarding LAHD staff evaluation of another applicant's application.

3.5 Council Approval Process

Consistent with Los Angeles Administrative Code Section 22.618.3(d)(1)(iv), LAHD shall present the Operating Assistance Program projects to the City Council and Mayor with award amounts and conditions to be met prior to funding. As applicable, the City Council and Mayor will authorize the General Manager of the LAHD, or designee, to determine that funding conditions have been met; to negotiate and execute the relevant financing documents for the project, subject to the approval of the City Attorney as to form; to prepare Controller instructions and any necessary technical adjustments consistent with Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO); and request that the Controller implement the instructions.

In the event of necessary technical corrections and adjustments that do not change the affordability mix, total number of units, or loan amount per unit, the General Manager of LAHD, or designee, shall be authorized to approve such corrections.

SECTION 4: THRESHOLD REQUIREMENTS

This section enumerates the elements of a complete application and describes the documentation requirements associated with each element. All applicants must demonstrate reasonableness of funding request and long-term feasibility. Applications will first undergo Threshold Review by LAHD to ensure that all required elements have been met.

Applications that do not meet threshold will not be reviewed or considered for funding by LAHD.

4.1 Summary of Threshold Items

The following provides a summary of each Threshold Item and descriptions of materials that will be required to demonstrate the Project satisfies each Threshold Item.

a. Proof of Financial Need

Sponsors face a threshold requirement to demonstrate financial need and reasons for requesting emergency operating assistance. To demonstrate financial need, applicants must submit:

- Audited Financial Statements (AFSs) for a lookback period to be defined by LAHD.
- A complete Variance Analysis using a template workbook that has been approved by LAHD. The Variance Analysis must identify the source(s) of excess costs and/or unexpected revenue shortfalls. The Variance Analysis must be accompanied by a narrative detailing cost-saving measures undertaken to date, as well as an itemized breakdown of how reserves were spent.
- A complete Pro Forma financial analysis using a template workbook that has been approved by LAHD. The Pro Forma must identify the sponsor's estimate for the amount of operating subsidy required to stabilize the project. If non-Program funds are required to finance capital improvements, those sources must be identified on the Pro Forma as well.

b. Stabilization Plan and Exit Strategy

Long-term stability and viability of awardees is a core objective of the ULA Operating Assistance Program. LAHD will issue regulations defining the requirements for stabilization plans and standards for demonstrating that City assistance will prolong the useful life of the project.

c. Rehabilitation and Capital Needs Assessment

If identifying capital improvement needs, Project Sponsors must submit a Capital Needs Assessment (CNA) as a threshold requirement. The CNA enumerates maintenance, repairs, rehabilitation and other capital improvement needs.

Project Sponsors must also provide a Scope of Work (SOW) that is responsive to the areas of concern identified in the CNA.

d. Relocation

Any tenants temporarily displaced due to ULA-funded remediation and repair activities must be offered relocation benefits. Project sponsors shall submit a Relocation Plan, which must include offers of comparable dwellings.

For more information, please refer to *Los Angeles Administrative Code* Section 22.618.3(d)(1)(i)(c).

e. Accessibility Standards

Project sponsors must provide a Self-Certification Form for Compliance to Accessibility Standards. Depending on the scope of work to be funded, City-funded projects must comply with all accessibility standards in effect at the time of the NOFA, as applicable. These include the federal Americans with Disabilities Act (ADA), State of California Disabled Persons Act, the City of Los Angeles Accessible Housing Program (AcHP) and any other statutes, ordinances, regulations, court orders, consent decrees, or other legally enforceable standards that may apply to housing projects. Existing projects that do not comply with the City's AcHP standards at the time of application shall provide a certification of compliance with the tenant education and reasonable accommodation requirements of the AcHP program and an acknowledgement that future construction work would require compliance with physical standards.

4.2 Application Requirements

Subject to funding availability, LAHD will issue at least one NOFA per fiscal year. Public notice of the NOFA shall detail the complete application requirements and the amount of funding available. Each NOFA will indicate the form of the application, which must be

submitted electronically. For an application to be considered complete, all requirements listed in the NOFA must be timely provided.

At LAHD's discretion, a NOFA may provide additional application and/or threshold requirements that are not listed in these Operating Assistance Program Guidelines.

SECTION 5: SELECTION PROCESS AND CRITERIA

Applications determined to have passed Threshold Review will be scored and prioritized for funding based on selection criteria outlined in this section.

5.1 Evaluation and Scoring Criteria - General

All applications that pass Threshold Review will be scored according to a Scoring Matrix, which will be an element of each Operating Assistance NOFA issued by LAHD. Criteria will be further specified in each NOFA and refined in consideration with key priorities and available resources at the time of development of each NOFA.

Applications with the highest scores will receive funding allocations first, until funds are exhausted. In the event that two or more projects receive the same score, selection priority may be determined by a tiebreaker, to be defined in each implementing NOFA.

5.2 Evaluation and Scoring Criteria

Each NOFA will include specified scoring criteria that will reflect the following priorities:

Priority	Description
Financially Distressed Assets	Projects in the LAHD loan portfolio that have a negative cashflow, low or depleted reserves, high operating expenses, and other financial challenges that impede stable operations.
Stabilization Efforts to Date	Projects demonstrating meaningful corrective measures to bring down operating costs or address financial challenges.
Projects that serve ALI/ELI households	There will be priority for projects that restrict a certain percentage of units for Acutely Low Income (ALI) and/or Extremely Low Income (ELI) households.
Projects that will maintain Nonprofit, CLT, or shared-equity tenant ownership	There will be priority for projects that are or will be owned by Nonprofits, CLTs, and/or shared equity tenant groups (i.e., public agencies and housing authorities are lower priority).