



# NOTICE OF FUNDING AVAILABILITY AND PROGRAM GUIDELINES

**Affordable Multifamily Rental Housing**  
**NOFA Round 30**  
**Fiscal Year 2023-2024**



# TABLE OF CONTENTS

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1	PROGRAM OVERVIEW.....	1
1.1	Introduction.....	2
1.2	NOFA Timeline .....	3
1.3	Meeting for Funded Projects.....	3
1.4	Important Resources.....	3
1.5	American Indian and Alaskan Native Projects .....	4
2	APPLICATION PROCESS .....	4
2.1	Mandatory Proposers Conference.....	5
2.2	Questions & Answers.....	5
2.3	Application Evaluation.....	5
2.4	Application Reviews and Appeals.....	5
2.5	Funding Recommendations .....	6
2.6	CEQA Clearance and Funding Commitments .....	6
3	SUBSIDIES AND ELIGIBLE PROJECTS .....	7
3.1	Available Funds and Rental Assistance.....	7
3.2	NPLH Target Populations.....	10
3.3	AHTF Target Populations.....	11
3.4	Affordability Requirements .....	11
3.5	Geographic Priorities.....	11
3.6	Eligible Projects and General Requirements .....	11
3.7	Additional Application Eligibility Requirements .....	14
3.8	Supportive Services Plan .....	16
3.9	Architectural Design Requirements .....	17
4	UNDERWRITING .....	18
4.1	Terms and Term of Commitment.....	18
4.2	Release of Funds .....	19
4.3	LACDA Fees .....	20
4.4	Financial Feasibility .....	22
4.5	Minimum Operating Expenses .....	22
4.6	Partnership Management Fee .....	23
4.7	Rental Cross Subsidy .....	23
4.8	Furnishings for Homeless Units .....	24
4.9	Onsite Manager .....	24
5	SCORING AND EVALUATION CRITERIA .....	24
5.1	Financing .....	26
5.2	Development Team.....	27
5.3	County Priorities .....	29
5.5	Bonus Points .....	30
6	ADMINISTRATIVE PROVISIONS .....	30
6.1	General LACDA Requirements .....	30
6.2	LACDA's Rights and Responsibilities.....	30
6.3	LACDA's Discretion.....	30
6.4	Cost of Application Preparation.....	30
6.5	Application is Property of the LACDA.....	31

6.6	Other Funding Applications by NOFA Applicants.....	31
6.7	Noncompliant/Debarred Contractors.....	31
6.8	Insurance Requirements.....	31
6.9	Pet-Friendly Housing Ordinance.....	31
6.10	HUD Section 3.....	32
6.11	Prevailing Wages.....	32
6.12	General Contractor Selection and Construction Contracts.....	32
6.13	Construction Signage and Public Housing Events.....	33
6.14	Fair Housing, Accessibility Requirements, Marketing, and Lease-Up.....	33
6.15	Density Bonus Units.....	33
6.16	Withholding of Funds Until Permanent Financing.....	33
6.17	Compliance with all Conditions Prior to Loan Closing.....	34
6.18	Events of Default.....	35
6.19	Local and Targeted Worker Hiring Program.....	35
6.20	Local Resident.....	37
6.21	Public Outreach Requirements.....	37
6.22	Reporting Requirements for the NPLH Program.....	38
7	DEFINITIONS.....	38
8	SIGNIFICANT CHANGES.....	44

## SUPPLEMENTAL DOCUMENTS

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1.	Environmental Service Request Form
2.	Eligible Areas
3.	PBV and PBVASH Voucher Regulations and Guidelines
4.	Supportive Services Criteria
5.	Architectural Design Requirements
6.	Affirmative Fair Housing and Accessibility Requirements
7.	LACDA Underwriting Guidelines
8.	Community Outreach Toolkit
9.	General LACDA Requirements
10.	Utility Allowance Schedule
11.	Section 8 Payment Standards
12.	Rent and Income Limits
13.	LACDA Insurance Requirements
14.	Local and Targeted Worker Hiring Reporting
15.	No Place Like Home Reporting Requirements

# 1 PROGRAM OVERVIEW

In 2004, California voters approved Proposition 63, also known as the Mental Health Services Act (MHSA). MHSA is a 1% state tax on income over \$1 million and provides funding to counties for a wide variety of mental health services including housing resources.

On July 1, 2016, Governor Brown signed Assembly Bill 1618, which authorized the creation of the No Place Like Home (NPLH) Program. The NPLH Program authorizes issuance of \$2 billion in bond proceeds to be repaid with MHSA funds for the development of supportive housing for those experiencing homelessness, chronic homelessness, or at-risk of chronic homelessness and living with a serious mental illness. After delays in implementing the program due to litigation, on November 6, 2018, California voters approved Proposition 2, also known as the No Place Like Home Act of 2018, which allowed the State to implement the NPLH Program. The NPLH Program is regulated by the State of California Department of Housing and Community Development (HCD).

Through NPLH, \$1.8 billion has been distributed to counties either through a Competitive Program or an Alternative Process, whereby Counties with 5% or more of the State's homeless population may apply to administer their own allocation. Los Angeles County (the "County") has been designated an Alternative Process County, and as such, is responsible for program implementation, including the selection of projects, underwriting, holding the promissory notes and deeds of trust, and long-term project monitoring. The Los Angeles County Development Authority (LACDA) has been designated as an agent of the County in the implementation of the NPLH Program for selection, project financing and monitoring in collaboration with the Los Angeles County Department of Mental Health (DMH). DMH is obligated to provide specialty mental health services to the tenants living in the NPLH-funded units for at least 20 years, including the monitoring of the provision of services, and approval of eligible tenants.

One of the LACDA's goals is to support the creation of permanent Special Needs housing throughout Los Angeles County. This NPLH Notice of Funding Availability (NOFA) Round 30 funds the creation of housing units for the Target Population, as defined in this NOFA and identified in Welfare and Institutions Code Section 5600.3 as (a) adults or older adults with a Serious Mental Disorder or (b) Seriously Emotionally Disturbed Children or Adolescents, who are Homeless, Chronically Homeless, or At-Risk of Chronic Homelessness. This includes persons with a serious mental illness who may have a co-occurring physical health and/or substance use disorders. The NPLH Program requires the use of the County's Coordinated Entry System (CES) to fill the NPLH-assisted units and low-barrier tenant selection practices that prioritize vulnerable populations. DMH will provide specialty mental health services through its directly-operated or contracted agencies to individuals living in the NPLH-assisted units. DMH will use CES to make referrals to the NPLH-assisted units and will confirm the eligibility of all referrals to NPLH-assisted units targeting individuals who are homeless or chronically homeless. Since CES is for individuals that are homeless, DMH will use another but similar system to identify individuals for any NPLH units that target the at-risk of chronic homelessness population.

No referrals shall be made to the NPLH-assisted units except those that are approved by DMH as meeting the eligibility requirements.

## 1.1 INTRODUCTION

The focus of this NOFA is on new construction and acquisition/rehabilitation projects that create new Special Needs and affordable rental housing units. This NOFA seeks to support the creation of permanent Special Needs and affordable housing projects throughout the County. Projects funded through this NOFA are expected to help meet the housing needs of their communities, provide local economic development opportunities during construction, and assist in the alleviation of any local blighting conditions.

This NOFA includes NPLH program funding requirements that are built upon and are additional to the requirements and regulations for more general Special Needs populations. Through this NOFA, eligible affordable multifamily rental housing projects may apply for both capital financing and rental assistance in the form of Section 8 Project-Based Vouchers (PBVs). Applications for PBVs and Project-Based Veterans Affairs Supportive Housing (PBVASH) Vouchers must accompany a request for capital funding except for standalone PBVASH only applications.

NOFA Round 30 is expected to exhaust the County's NPLH allocation, therefore this will be the final round of NPLH funding. If available funds remain after final recommendations have been made through this NOFA, the LACDA may extend the application deadline to receive additional applications.

This NOFA makes available up to approximately **\$140 million in NPLH capital funding and \$20 million in Affordable Housing Trust Funds (AHTF) capital funding** for eligible permanent multifamily rental housing projects. Additionally, the LACDA is designating this NOFA as its public notice of a competitive request for the award of a combined total of **600 PBVs/PBVASH Vouchers**.

## 1.2 NOFA TIMELINE

Date	Event
Wed. December 27, 2023	NOFA Guidelines Release
Wed. December 27, 2023	UNOFA Application Open
Wed. January 10, 2024	Mandatory Proposers Conference @ 10:00-11:30 am
Wed. January 17, 2024	All projects submit request for Confirmation of Compliance to <a href="mailto:AMLoanServicing@lacda.org">AMLoanServicing@lacda.org</a>
Thur. January 18, 2024	Q & A published
Fri. January 26, 2024	Deadline to submit questions through the UNOFA
<b>Mon. February 12, 2024</b>	<b>NOFA Application Due before midnight (by 11:59:59 p.m.)</b>
Tue. February 20, 2024	List of applications with self-scores posted
Mon. February 26, 2024	Threshold and Technical Review Period Begins
Mon. March 25, 2024	Appeal Period
April 2024	Project approval by LACDA Executive Director

## 1.3 MEETING FOR FUNDED PROJECTS

NOFA Awardees may be required to attend a meeting for funded projects with both LACDA and DMH. These meetings will be scheduled after awards are announced, as a means of providing information to Project Sponsors regarding funding requirements and timelines.

## 1.4 IMPORTANT RESOURCES

### UNOFA Application Website

<https://www.unofa.org/>

### LACDA Affordable Housing Information

<https://www.lacda.org/affordable-housing>

### LACDA NOFA 30 Map

[NOFA 30 Map](#)

### UNOFA E-mail Subscription

Provides notification of NOFA-related information, such as upcoming NOFA rounds, NOFA addenda, meetings, and other important funding information.

<https://www.unofa.org/#/homepage>

### NOFA Point of Contact

The LACDA's Point of Contact for this NOFA is: Beatriz Lopez, Senior Analyst – [Beatriz.Lopez@lacda.org](mailto:Beatriz.Lopez@lacda.org)

## **1.5 AMERICAN INDIAN AND ALASKAN NATIVE PROJECTS**

The County of Los Angeles requests and strongly encourages applicants to develop culturally-appropriate projects for persons belonging to the Indigenous Tribes of the continental United States (American Indians) and the Indigenous Tribes and villages of Alaska (Alaska Natives), collectively, AIAN populations. Such projects would consider AIAN populations relative to both building design and the provision of supportive services.

According to several sources, the County of Los Angeles has a significant homeless population in which AIAN residents are disproportionately represented. To address this gap in providing housing for AIAN residents, the County of Los Angeles encourages a partnership where the LACDA, DMH, and NOFA applicants can collaborate to ensure funded housing projects meet the needs of qualifying AIAN populations.

DMH is prepared to provide technical assistance to applicants that propose AIAN-focused projects. This technical assistance includes making appropriate contacts and referrals to organizations that would help guide decision making in the development of the project and provision of supportive services, as well as assistance in identifying qualifying populations and referrals.

For more information on the need for projects service AIAN populations and partnering with DMH, please contact: Andrea N. Garcia, MD, MS, Physician Specialist, American Indian Counseling Center, at (562) 402-0677 or [acgarcia@dmh.lacounty.gov](mailto:acgarcia@dmh.lacounty.gov).

## **2 APPLICATION PROCESS**

All NOFA materials and information can be found in these NOFA guidelines and in the Supplemental Documents identified in the Table of Contents. These NOFA guidelines incorporate by reference and are augmented by the Supplemental Documents.

Applications will only be accepted via the UNOFA Application website, located at <https://www.unofa.org>. All application materials must be submitted before the application closing date and time, as indicated in this NOFA.

Acceptance by the LACDA of an application under this NOFA constitutes agreement by the applicant as to all terms, conditions, requirements, and rules of the NOFA but does not constitute a contract or commitment of any kind. The LACDA reserves the right, in its sole discretion, to reject any and all applications in whole or in part. Once an application has been submitted, applicants will not be permitted the opportunity to cure deficiencies, unless requested to do so by the LACDA. The LACDA may, in its sole discretion, request clarification of any portion of an application from the applicant and its development team.

## **2.1 MANDATORY PROPOSERS CONFERENCE**

All applicants must attend a Mandatory Proposers Conference (see NOFA Timeline above), which will be hosted on MS Teams. The LACDA will not accept applications from Project Sponsors that did not attend the Mandatory Proposers Conference.

## **2.2 QUESTIONS & ANSWERS**

Questions regarding the NOFA should only be submitted through the UNOFA Application's FAQs section and use the "Ask a Question" button. Inquiries made by any other means (including by email or phone) will not be answered. The deadline for submitting questions is identified in the NOFA timeline above.

## **2.3 APPLICATION EVALUATION**

Applications are evaluated in two (2) stages: 1) Threshold Review and 2) Technical Scoring and Evaluation. The NOFA Application is available through the UNOFA Application website; it identifies threshold criteria in the Application Checklist that must be met to be considered for funding.

The Threshold Review evaluates the completeness of the application and compliance with program and threshold requirements. Applications that do not pass Threshold Review will not receive further consideration. Applications that pass Threshold Review move to Technical Scoring and Evaluation, which evaluates projects based on the NOFA Scoring Criteria. Applicants are notified of the outcome of both the Threshold Review and Technical Scoring and Evaluation via e-mail to the point of contact identified in the application.

If the Applicant is also applying for PBVs and/or PBVASH Vouchers through this NOFA, the LACDA will determine compliance with the PBV and PBVASH regulations of the U.S. Department of Housing and Urban Development (HUD) and with LACDA's Administrative Plan requirements. See the PBV and PBVASH Vouchers Regulations and Guidelines Supplemental Document for program and application requirements.

## **2.4 APPLICATION REVIEW AND APPEALS**

Results of the Threshold Review are final and may not be appealed. The Threshold Review includes overall project feasibility, as well as specific application items, as described in the NOFA Application Checklist.

Applicants may appeal the Technical Scoring and Evaluation results. The written appeal will be the sole basis of the LACDA's consideration of the appeal. Appeals may be submitted to the NOFA Point of Contact within the timeframe specified in the Notice of Technical Review Results issued by the LACDA. Late appeals will not be considered. Appeals must:

- Be in writing,



- Not exceed two (2) pages in length (8 ½ x 11-inch letter size, 12-point font, 1-inch margins),
- Only address procedural or technical issues, and
- Not present new information, as it will not be considered.

## **2.5 FUNDING RECOMMENDATIONS**

Applications are recommended for funding based on the Technical Scoring and Evaluation. Project scoring results will be used to make funding recommendations to the LACDA's Executive Director. Notices of recommendation of funding awards will be sent to applicants, however, all awards are provisional until approved by the LACDA's Board of Commissioners ("Board").

## **2.6 CEQA CLEARANCE AND FUNDING COMMITMENTS**

Project sites must be free from severe adverse environmental conditions, such as the presence of contamination or site conditions that place an undue financial burden on the project, or that cannot be mitigated to the satisfaction of the LACDA. The LACDA's Environmental Officer must approve the site for funding eligibility based on current environmental conditions and any remediation or mitigation plans. This site evaluation may occur after funding award if relevant environmental conditions are discovered.

The LACDA shall either be named as an intended user for environmental reports or will require a reliance letter for environmental reporting that will authorize the LACDA to rely on the existing environmental report for the project approval and loan-making processes. Environmental conditions must be identified and included in any appraisal reports and a determination shall be made regarding any negative effect on a site's fair market value.

The applicant is required to provide formal documentation of the project's compliance and approval with California Environmental Quality Act (CEQA) no later than 60 days prior to the LACDA's Executive Director making a funding recommendation to the Board of Commissioners. The final decision for funding rests with this Board and a funding commitment can only be issued after Board approval. The actual issuance of funding to a project is subject to compliance with all funding conditions; the NOFA's Administrative Provisions; preparation, signature, and delivery of the loan documents; and continued cooperation of the applicant, including delivery of any additional information or materials requested by the LACDA.

Funding and rental assistance available under this NOFA are dependent, in part, upon appropriations from the County Board of Supervisors, HCD, and the U.S. Department of Housing and Urban Development (HUD). In the event funds or rental assistance offered through this NOFA are not available, the LACDA, at its sole discretion, may terminate its obligations resulting from this NOFA.

## **3 SUBSIDIES AND ELIGIBLE PROJECTS**

### **3.1 AVAILABLE FUNDS AND RENTAL ASSISTANCE**

Funding awards are based on the target population and geographical needs of the County. Rental assistance is only available to projects that are located in the LACDA's Section 8 program jurisdiction.

#### **3.1.1 Available Capital Funds**

- This NOFA makes available up to approximately \$140,000,000 in NPLH funds. NPLH units are reserved for persons who meet NPLH eligibility criteria. NPLH funds are administered on behalf of HCD by the LACDA in cooperation with DMH.
  - Approximately \$25.5 million of the NPLH funds are set-aside for units that target Transition-Aged Youth ("TAY").
- This NOFA also makes available up to \$20 million in AHTF that are available only for projects on County-owned land.

#### **3.1.2 Project Funding Amounts**

Applications requesting funding that exceed the maximum allowable per unit or per project amounts will be disqualified.

All funding awards are subject to further due diligence review by LACDA prior to loan closing. The award may be reduced or increased if the LACDA determines, in its sole discretion, that the full amount of the award is not necessary to achieve financial feasibility, or if the amount is insufficient to achieve the LACDA's housing goals and objectives. The LACDA may request additional documentation from successful applicants during underwriting, including applications for funding from other public and private entities.

The LACDA may provide different funds than requested by an applicant to meet the funding needs of the County and/or LACDA. The LACDA reserves the right to allocate funding sources at its discretion, including providing federal HOME funds to eligible projects.

Projects eligible for NPLH funds may also apply for AHTF funds, as long as the two sources are used to finance different units. Therefore, stacking of funds is not allowed. After the NPLH funds have been fully allocated, the LACDA may allocate AHTF as needed, on a case-by-case basis.

<b>CAPITAL FUND PROJECT LIMITS</b>			
Fund Type	Target Population	Eligible Geography	Maximum Subsidy Per Project
NPLH	NPLH populations	Los Angeles County (Skid Row is not eligible)	Up to \$10,000,000 (includes any past awards)  Funds are allocated on a per-unit basis for eligible assisted unit types.
AHTF*	Special Needs populations	Los Angeles County (Skid Row is not eligible)	Up to \$10,000,000 (includes any past awards)  Funds are allocated on a per-unit basis for eligible assisted unit types.

\*Only projects located on County-owned land are eligible for AHTF funds

<b>CAPITAL FUND UNIT LIMITS</b>	
Number of Bedrooms**	Maximum Per Unit Subsidy
Studio	\$170,000
1	\$180,000
2	\$190,000

\*\*Projects proposing 3-bedroom units for any Special Needs populations must provide evidence, acceptable to the LACDA and/or the Los Angeles County Departments of Health Services and Mental Health, that sufficient demand exists for this unit type.

### 3.1.3 Available Rental Assistance

Up to a total of 600 PBVs/PBVASH Vouchers are available to projects within LACDA's jurisdiction. At the sole discretion of the Executive Director, the LACDA will consider providing PBVs/PBVASH Vouchers for projects in jurisdictions in which the local Housing Authority has reached the statutory cap for project based rental assistance, as evidenced by the issuance of Housing Assistance Payments (HAP) contracts. The LACDA will refer to HUD sources to confirm PBV/PBVASH Voucher issuance status for such jurisdictions and a letter from the local Housing Authority also confirming this status will be required.

Projects must apply for and be awarded capital funds to qualify for rental assistance. Rental assistance is available only for units awarded capital funding, with the exception of PBVASH only applications.

<b>RENTAL ASSISTANCE TYPES</b>			
Type of Funds	Target Population	Eligible Geography	Maximum Subsidy Per Unit
PBVs	NPLH and Special Needs up to 30% AMI	Unincorporated Los Angeles County or Section 8 Participating Jurisdiction	As specified by LACDA Section 8 payment standards
PBVASH Vouchers	Homeless veterans & their families up to 50% AMI		

PBVASH Vouchers are only available for units requesting ATHF funds.

As project-based rental assistance becomes scarce, the LACDA may reduce any request of PBVs and/or PBVASH Vouchers based on project need. Applicants may be notified of any such reduction during the application period, or any time before issuance of an Agreement to Enter Into Housing Assistance Payments (AHAP) Contract.

### 3.1.4 NEPA Clearance for Rental Assistance

PBVs and PBVASH Vouchers are subject to availability, approval, and qualification under the LACDA’s Administrative Plan and HUD requirements. Rental assistance is available only to projects that have requested and have been awarded capital funds, with the exception of an allocation of standalone PBVASH Vouchers. Rental assistance must serve eligible populations and the project must be within the LACDA’s jurisdiction, as defined in this NOFA. Contract terms will be up to 20 years, with the possibility of a 20-year extension subject to funding availability.

Qualifying PBV and/or PBVASH projects must:

- Not replace a committed operating subsidy, except for the Flexible Housing Subsidy Pool administered by the Los Angeles County Department of Health Services (DHS).
- Use a Coordinated Entry System (CES) for lease-up of 100% of the PBVASH units and at least 80% of the PBV units.
- Serve an eligible population.
- Request capital funds under this NOFA (except for standalone PBVASH Vouchers applications).
- Be located in Unincorporated Los Angeles County, or within a jurisdiction served by the LACDA’s Section 8 program (excluding exception areas).

PBV and PBVASH Voucher Regulations and Guidelines are available as a Supplemental Document to this NOFA. In addition, applicants must include PBV and/or PBVASH Voucher rental assistance assumptions in the NOFA application and complete all applicable information related to the application for PBVs and/or PBVASH Vouchers.

Projects applying for PBVs and/or PBVASH Vouchers must comply with the National Environmental Policy Act (NEPA) and complete the Environmental Service Request Form included as a Supplemental Document to this NOFA. If project sponsors require NEPA clearance by a particular date, a request for review and clearance must be received by the LACDA at least 12 weeks prior to the date such NEPA clearance is needed.

## **3.2 NPLH TARGET POPULATIONS**

The NPLH Target Populations refer to households with at least one person who qualifies as a member of one of the Target Populations identified in Welfare and Institutions Code Section 5600.3: (a) adults or older adults with a Serious Mental Disorder, or (b) Seriously Emotionally Disturbed Children or Adolescents, who are:

- Homeless
- Chronically Homeless
- At-Risk of Chronic Homelessness

Target Populations include persons with a serious mental illness who may have co-occurring physical health and/or substance use disorders. The Tenant Selection Plan must include the use of low-barrier tenant selection practices that prioritize vulnerable populations that are consistent with the County's CES and the State's adaptation of Housing First principles.

In no event shall the qualifying household member be required to be a client of the County's behavioral health department or a recipient of mental health or other services in order to qualify for, or remain in, a NPLH-assisted unit. However, verification of a serious mental illness is required by a licensed mental health provider to evidence eligibility.

### **3.2.1 Referrals**

Referrals for NPLH-assisted units must occur through a standardized process. Qualifying Homeless and Chronically Homeless applicants must be matched to NPLH-assisted units through Los Angeles County's CES, with eligibility approved by DMH prior to the potential tenant being given the opportunity to complete a housing application. Given that the CES is only used for individuals that are homeless or chronically homeless, DMH will oversee the prioritization and matching of NPLH-assisted units targeting individuals that are At-Risk of Chronic Homelessness. Filling any NPLH-assisted units with tenants whose eligibility has not been verified by DMH is a violation of the loan agreement and will have related consequences.

### **3.2.2 Approval of NPLH Units in Each Project**

LACDA and DMH are working in partnership to provide permanent supportive housing opportunities for residents with a serious mental illness who are chronically homeless, homeless, or at-risk of being chronically homeless. NPLH units and other units reserved for homeless individuals living with a mental illness must be less than 49% of the total units in a project. Additionally, DMH and the LACDA, in their sole discretion, may limit the number of NPLH-assisted units in a development, as well as any mix of NPLH units with non-assisted units.

The LACDA and DMH retain authority to disallow the mix of units in a project, or to limit the number of NPLH-assisted units in a project. Additionally, DMH retains authority to determine whether the unit will be deemed a single adult or family unit.

### **3.3 AHTF TARGET POPULATIONS**

To qualify for funding, AHTF units must target the following eligible populations:

- Homeless Households
- Chronically Homeless
- Homeless Veterans
- Homeless Seniors
- Homeless Persons Living with a Mental Illness
- Persons Living with HIV / AIDS
- People with Intellectual/Developmental Disabilities
- Transition Age Youth (Homeless and At-Risk)
- Survivors of Domestic Violence/Human Trafficking/Sexual Assault

### **3.4 AFFORDABILITY REQUIREMENTS**

NPLH and Special Needs units must be restricted to households earning at or below 30% of AMI.

Income targeting for units assisted by PBVASH Vouchers may be at or below 50% of AMI, subject to the terms of other project funding sources.

### **3.5 GEOGRAPHIC PRIORITIES**

Funding will be prioritized based on Service Planning Areas (SPAs) and will be awarded in a two-tier system.

- Tier 1: Projects located in SPAs 1, 3, 5, 7, and 8 outside the City of Los Angeles.
- Tier 2: Projects located in SPAs 2, 4, and 6 outside the City of Los Angeles.
- Projects located in the City of Los Angeles will be awarded if funds remain after awarding eligible Tier 1 and Tier 2 projects.
- Projects located within the boundaries of Skid Row are not eligible for funding. Skid Row Area is bounded by Main Street (west), Third Street (north), Alameda Street (east) and Seventh Street (south).

Please check the NOFA 30 GIS map website to verify the project's location: [NOFA 30 GIS MAP](#).

### **3.6 ELIGIBLE PROJECTS AND GENERAL REQUIREMENTS**

- Projects eligible to receive AHTF or NPLH Program funds include permanent supportive multifamily rental housing units reserved for the respective Target Populations. Projects may propose to use tax credit financing, but such financing is not a requirement of the NOFA.
- Projects using tax credit financing must provide at least 25 units of permanent multifamily housing and set aside the greater of 20% of the total units or 15 units for a qualifying Special Needs population.

- Projects that do not propose the use of tax credit financing must set aside at least 20% of the total units for permanent multifamily rental housing reserved for a qualifying Special Needs population and request at least \$1,000,000 in capital funds. No unit minimum is required.
- NPLH Projects: Units must be reserved for permanent multifamily supportive housing for persons who meet NPLH eligibility criteria. Projects requesting NPLH funds must reserve a minimum of 15 and a maximum of 50 NPLH units, while not exceeding 49% of the total project units.
- AHTF funds are only available for projects located on County-owned land.
- Please note that motel conversions are eligible projects under this NOFA.

### **3.6.1 Minimum Project Requirements**

All eligible project types must meet the following minimum requirements:

- The project must be located entirely within Los Angeles County for funding or rental assistance.
- The project must demonstrate financial feasibility and positive cash flow for at least 20 years.
- The project must ensure integration of the Target Population(s) in the community by demonstrating that transportation, services, and other amenities are within a 1/3 mile diameter of the site.
- Proposed projects must demonstrate that both Special Needs and NPLH Assisted Units are integrated with other units in the project and should not be located on their own separate floors or areas of the building.
  - Applicants must facilitate or provide regular community-building activities and architectural design features that promote tenant interaction; and
  - The property must include private offices and on-site parking for DMH mental health providers when they are on-site. The offices can be shared with other service providers, but space must be available for the mental health providers to meet with clients privately; and
  - The supportive services and property management plans must document policies that promote participation by tenants in community activities and impose no restrictions on tenants that are not otherwise required by other project funding sources or would not be common in other unsubsidized rental housing in the community.
- Property Management Plans must be consistent with Housing First practices both as it relates to lease up and issuances related to lease violations and evictions as required by Welfare and Institutions Code Section 8255(b) and described in more detail in the Supportive Services Criteria Supplemental Document.
- Tenant screening standards for the Special Needs units, including criminal background, housing history, and financial screening criteria (e.g., rental or other debt), must not be stricter than those used by the Public Housing Authority (PHA) that has jurisdiction over the location of the project site.
- Projects that are currently subject to affordability covenants or agreements are not eligible unless the affordability period expires within five (5) years of the NOFA application due date.

- For projects developed on land owned by or formerly owned by the LACDA or County of Los Angeles, at least 49% of the total units must be reserved for an eligible Special Needs population.
- NPLH assisted units must comprise no less than 15 units and no more than 50 units in a project.
- NPLH units and other units reserved for homeless individuals living with a mental illness must be less than 49% of the total units in a project.
- Studio units must be at least 400 square feet in size. Exceptions may be made if the project has received entitlements or has submitted for plan check at the time of NOFA application.
- Projects requesting AHTF must be located on County-owned land.
- Projects that include three- (3) bedroom units must provide justification for them and must be approved by LACDA and DMH.
- Projects must be new construction, acquisition and operation, or acquisition with rehabilitation. A rehabilitation project must:
  - Submit at the time of NOFA application a Capital Needs Assessment that meets the requirements of current CTCAC regulations.
  - Provide new affordable units to the housing stock.
  - Not displace low-income households, or remove units from the housing stock, unless the project provides for a two- (2) to-one (1) unit replacement.
- Projects seeking capital funds must not have submitted a current application for tax credits, received an award of tax credits, or commenced construction. Per HUD guidelines, projects that are only seeking PBVASH Vouchers may be in predevelopment or be completed (but not in construction).

### 3.6.2 Ineligible Project Types

Projects must be able to meet all requirements and goals of this NOFA. The following list of ineligible project types is not to be considered all-inclusive and is provided as a guide to projects that will not be considered for assistance through this NOFA:

- Acquisition of land only.
- Single Room Occupancy (SRO) projects.
- Projects that result in the removal of existing housing units or demolition of existing housing stock, except if the project provides replacement of housing units on a two- (2) for-one (1) basis (two (2) units built for each one (1) unit removed).
- Projects that propose to fund commercial tenant improvements as part of the project budgets.
- Projects within the Skid Row boundaries in the City of Los Angeles: Main Street (west), Third Street (north), Alameda Street (east), and Seventh Street (south). Please check the [NOFA 30 GIS map](#) website to verify the project's location.
- Projects within 500 feet of a freeway, as measured from the first lane of travel nearest the project boundary. If a portion of a proposed development site is within 500 feet of a freeway, the project must be designed in such a way as to exclude from this 500-foot freeway "buffer" area any portion of the residential building, as well as play areas, community rooms, gardens, patios, and other areas where residents may reasonably be expected to congregate. The LACDA shall review and approve, at its sole discretion, any site plans for developments of this type.



Applicants seeking a determination of the project location relative to the freeway buffer may submit a request to: [Beatriz.Lopez@lacda.org](mailto:Beatriz.Lopez@lacda.org).

### **3.6.3 Eligible Uses of Capital Funds**

Capital funds awarded under this NOFA may be used for the following expenses:

- Reimbursement for acquisition of land and improvements in conjunction with an eligible project. Acquisition costs shall not exceed fair market value, as determined by an appraisal. Costs in excess of fair market value will be disallowed from the project budget.
- Costs in conformance with the LACDA's Underwriting Guidelines.
- If the project contains commercial space, LACDA funds may be used only to pay for eligible residential units and a proportionate amount of the project's common areas.
- Project predevelopment, construction, and permanent financing.

### **3.6.3 Ineligible Uses of Capital Funds**

Capital funds awarded under this NOFA shall not be used for the following expenses or activities:

- Substitution of any committed project financing source.
- Costs associated with units not funded by the LACDA.
- Commercial space or tenant improvements.
- Payment of invoices or expenses (during construction period) that are greater than four (4) months old at the time of submission.
- Reimbursement for project costs that have been paid by another project funding source.
- Refinancing permanent debt on existing developments, or recapitalizations of any kind unless the project is within five (5) years of the termination of an affordability covenant.
- Travel expenses, food, or meals of any kind.
- Application fees for other project financing.
- Office expenses.
- Costs that would normally be paid by the Limited Partnership.
- Fees associated with the LACDA NOFA, including Monitoring Fees.

NPLH program funds cannot be used to finance the same units ("stacked") that are also assisted with other LACDA funding sources, including AHTF funds.

## **3.7 ADDITIONAL APPLICATION ELIGIBILITY REQUIREMENTS**

In addition to meeting basic program and applicant eligibility requirements, projects must be financially feasible, maintain a positive cash flow for 20 years, and demonstrate compliance with the minimum requirements for supportive service plans and architectural design.

Projects seeking 9% tax credits in the City of Los Angeles must provide evidence of inclusion in the Los Angeles Housing Department's managed pipeline.

All applicants must demonstrate that the project may be legally developed at the proposed site. This can take the form of a zoning verification letter from the local jurisdiction, or evidence of an application for entitlements.

### **3.7.1 Timing of Use of Funds**

Awardees must demonstrate that the project can successfully close construction financing within one (1) year from notice of award of funds or use NOFA funds to leverage another source of financing within six (6) months of notice of award. Construction financing close must then occur within one (1) year of this subsequent application.

### **3.7.2 Article XXXIV of the California Constitution**

As a result of the passage of SB 469, applicants to the NOFA are not required to submit evidence of Article XXXIV authority.

### **3.7.3 Site Control**

At the time of application, an applicant must demonstrate that it has site control, as defined by current CTCAC Regulations. At a minimum, site control must extend through the expected timeline for award of NOFA funds. An Agreement to Negotiate Exclusively or an Exclusive Right to Negotiate with a public agency is also acceptable site control for this NOFA.

### **3.7.4 Compliance With Programs**

Applicants must be in compliance with all LACDA fiscal and programmatic requirements, all regulatory agreements with the LACDA, and the requirements of other governmental entities or permitting agencies, including any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, or conditions of approval.

If the applicant or any of the applicant's existing projects are not in compliance with any fiscal and programmatic requirements, the project will not be considered for funding and an applicant may have any existing commitments rescinded. "Applicant's existing projects" include projects in which any member of the applicant's ownership entity has an interest. Additionally, the LACDA may, in its sole discretion, reject applicants based on past performance.

Applicants must submit a confirmation of compliance to [AMLoanServicing@lacda.org](mailto:AMLoanServicing@lacda.org) by the due date identified in the NOFA Timeline. The confirmation of compliance form is included as a Supplementary Document.

### **3.8 SUPPORTIVE SERVICES PLAN**

Supportive services for homeless tenants of Permanent Supportive Housing (PSH) units, including the NPLH-assisted units, are provided by the County of Los Angeles, through DMH's Housing Supportive Services Program (HSSP), Department of Health Services' (DHS) Intensive Case Management Services (ICMS), and Department of Public Health's (DPH) Substance Abuse Prevention and Control (SAPC) Client Engagement and Navigation Services (CENS); therefore, a Supportive Services Plan for these County funded services listed above is not needed. The supportive services narrative and budget may indicate that the County will provide these supportive services to tenants in PSH units.

Services should be provided to tenants of the non-PSH units and those residents that are not covered by County-funded services. This should include a residential services coordinator funded through project cash flow who will provide social and recreational activities for all tenants in both the PSH and non-PSH units. The Supportive Services Plan must provide details of how the social and recreational activities will promote a sense of community. All supportive services must be flexible, voluntary, and individualized.

The Supportive Services Plan is described in more detail in the Supportive Services Criteria Supplemental Document and will not be scored but will be evaluated for completeness and inclusion of required elements and quality. Supportive services will be evaluated on a pass/fail basis. If the funds are awarded, projects may receive a Final Conditions List that will detail areas in the Supportive Services Plan that must be revised prior to the release of any loan funds. To guarantee the fulfillment of the required Supportive Services Criteria, the LACDA may withhold loan funds until all identified conditions are addressed to the reasonable satisfaction of staff.

The Supportive Services Plan review consists of the components listed below in Sections 3.8.1, 3.8.2, and 3.8.3.

#### **3.8.1 Supportive Services Narrative**

For non-PSH units and units not covered by County-provided supportive services, the supportive services narrative must include:

- Need for Services
- Services Provided
- Policies and Procedures
- Staffing
- Resident Engagement and Participation
- Outcomes

Supporting documents for the Supportive Services Narrative are:

- Supportive Services Delivery Chart
- Supportive Services Staffing Chart

### **3.8.2 Supportive Services Budget**

The proposed budget must demonstrate that the level of funding is adequate for the services to be provided and the staffing pattern and levels to be used. The Supportive Services Budget must show project operating revenue as a source if a Supportive Services expense is included in the operating budget. The overall financial feasibility of the services budget will be considered regardless of the sources of funding. The Budget section consists of:

- Supportive Services Staffing Chart;
- Supportive Services Budget; and
- Supportive Services Commitments.

Formal agreements or commitment letters with the non-County service providers must be included with the application and include:

- A description of the services to be provided;
- The location where the services will be provided;
- The days and hours during which services will be provided (if not known, the approximate number of hours that services will be provided); and
- The duration of the agreement.

Verification of these commitments must be provided to LACDA within 60 days of lease up.

Although the County will provide support services for tenants of PSH units, the project budgets and cash flow statements should reflect the commitment of service funds for non-PSH units and those units not eligible for County support.

### **3.8.3 Supportive Service Costs**

The salaries and related costs of case managers and service coordinators should be included in the Supportive Services Plan and may be paid from project cash flow to the extent financially feasible. The LACDA, in its sole discretion, will determine the reasonableness of these costs, considering the proposed staffing levels. The cost of direct service provision may not be funded from capital financing sources. As previously stated, it is expected that the DMH will coordinate onsite services to include but not limited to HSSP, ICMS and CENs to tenants in the PSH units.

## **3.9 ARCHITECTURAL DESIGN REQUIREMENTS**

All projects must meet minimum building code requirements and construction standards and the LACDA's Architectural Design Requirements found in the Supplemental Document. Design is not scored, however, all required threshold application submittals described in the LACDA's Architectural Design Requirements document must be included in the application to pass the Threshold Review. Applications must identify whether the architect acts in the capacity of principal or junior architect. The LACDA must be notified of and approve all changes to the lead architect and/or design after initial project review

and evaluation. Project Sponsors must use contracts produced by The American Institute of Architects (AIA) for architectural services.

## **4 UNDERWRITING**

### **4.1 TERMS AND TERM OF COMMITMENT**

Funding awarded under this NOFA is reserved for 12 months, following the Notice of Intent to Award issued by the LACDA.

#### **4.1.1 NPLH Capital Fund Loan Terms**

NPLH funds will be made available as loans under the following terms:

- **Interest rate:** 0% simple annual
- **Term:** 55 - 57 years
- **Repayment:** Payments (residual receipts or otherwise) are not collected. In lieu of payments, the applicant will establish eligible NPLH reserves (discussed in more detail in the NOFA Underwriting Guidelines).
- **Collateral:** Deed of Trust secured by the land, or leasehold interest and Improvements.

The LACDA may include in project financing multiple funding sources but will consider the sources to be one (1) loan amount. The LACDA will base loan priority decisions on the total sum of the loan.

The LACDA is currently considering an affordability period that exceeds 55 - 57 years. Projects may be required to adhere to an extended affordability term, which may be introduced after project financing is approved.

#### **4.1.2 Transition Reserve**

Projects shall have a transition reserve in the event that any project-based rental assistance is not renewed, or in the event that any operating subsidy is exhausted, and the project cannot secure sufficient new rental or operating subsidies to continue without immediately raising rents on assisted units. The transition reserve shall be in an amount sufficient to prevent rent increases for residents of assisted units for a period of one year. The transition reserve may be capitalized or funded from annual project cash flow in amounts to be approved by the LACDA. Use of funds in the reserve shall be subject to the review and approval of the LACDA.

If rent increases on the assisted units are necessary after exhausting all transition reserve funds, such increases shall only be permitted to the minimum extent required for financial feasibility, as determined by the LACDA. In addition, rents on assisted units shall not, in

any event, be increased to an amount in excess of 30% of 50% percent of AMI, adjusted by number of bedrooms.

If rent increases on the assisted units are necessary due to loss of rental or operating assistance and if it is determined that NPLH tenants will need to move after exhausting all transition reserve funds, a transition plan shall be implemented to identify other permanent housing options that may be more affordable to NPLH tenants who cannot afford the increased rent, and to assist those persons in accessing other available housing. Funds from the transition reserve may be used for these expenses. This transition plan must be in place 12 months before any NPLH residents are displaced.

#### **4.1.3 NPLH Flexible Operating Reserve**

As noted in the general NOFA regulations, in lieu of payments to the NPLH funds, a Flexible Operating Reserve will be established. The Flexible Operating Reserve will be funded as a priority payment from cash flow. The amount funded on an annual basis will be based on a percentage of net cash flow after operating expenses, debt service, partnership management fees and deferred developer fees are deducted. The percentage of net cash flow is sized to the hypothetical pro-rata residual receipts distribution that would be due to the LACDA, if residual receipts were being disbursed for the NPLH Loan.

The Flexible Operating Reserve shall be used for shortfalls in operations including repairs from damaged units, supportive services, furnishings, or replacement reserves associated with the NPLH-Assisted Units.

#### **4.1.4 AHTF Capital Fund Loan Terms**

AHTF funds will be made available as a loan under the following terms:

- Interest Rate: 3% simple annual.
- Term: 55 - 57 years, depending on when financing is introduced to the project.
- Repayment: Annual payments based on 50% of residual receipts, as defined in the loan agreement. When other public funding is involved, the LACDA will share its distribution of residual receipts with other public lenders on a pro rata basis.
- Collateral: Deed of Trust secured by the land, or leasehold interest and improvements.

## **4.2 RELEASE OF FUNDS**

The LACDA will generally make capital funds available for disbursement on a draw-down or reimbursement basis, upon closing of the loan and commencement of construction. Disbursement of funds for payment of hard costs during construction will be on a draw-down basis. Disbursement of funds for payment of soft costs during construction will be on a reimbursement basis and requires evidence of prior payment of each soft cost before payment is released.

## **4.3 LACDA FEES**

### **4.3.1 Good Faith Deposit and Long-Term Compliance Monitoring**

Within 60 days of notification of an award, all applicants must pay a non-refundable good faith deposit of \$7,150. During operations, LACDA will collect an annual compliance-monitoring payment for each project in the amount of \$7,150 with a 2.5% annual escalation, to be paid from project cash flow. The good faith deposit will be credited towards the first year's monitoring cost.

### **4.3.2 Tax-exempt Bonds**

If tax-exempt bond financing is contemplated for a project within the Unincorporated County area, or in an incorporated city that does not have authority to issue bonds, the conduit issuer must be LACDA (on behalf of the County of Los Angeles). If a project is located within an incorporated city that (a) is providing financing for the project, and (b) is a conduit issuer of mortgage revenue bonds, that city may be the conduit issuer.

When the LACDA is the bond issuer, CDLAC Applications will be reviewed by staff prior to submittal and an initial LACDA application fee of \$5,000 will be assessed each time an application is processed. Additionally, an annual bond administrative fee will be collected by the LACDA. Project Sponsors must pay all costs of issuance at bond closing, including, but not limited to, bond counsel, county counsel, underwriter, trustee and financial advisor fees, as well as rating agency fees. Any deposits will be credited toward the cost of issuance at closing.

The initial issuer fee of 25 basis points (0.25%) on the bond amount and the first year of the annual administrative fee (the greater of either 12.5 basis points (0.125%) of the outstanding bond amount or \$6,000) are both paid at bond closing. Project Sponsors will also pay an annual administrative fee to the LACDA equal to the greater of either 12.5 basis points (0.125%) of the outstanding bond amount or \$6,000, for the project period to cover the LACDA's ongoing administration and monitoring costs for the project.

In summary, bond fees include the following:

- Application - \$5,000 (paid per CDLAC application)
- Issuer - 0.25% x total bond amount (one time, paid at bond closing)
- Annual - Greater of either 12.5 basis points (0.125%) of the outstanding bond amount or \$6,000 (annual fee over the 55-year compliance period)

At least 90 days before CLDAC application due date, Project Sponsors shall notify LACDA Bond staff of the intent to submit an application to CDLAC.

For further information, questions related to the LACDA's bond processes should be sent to [mfbonds@lacda.org](mailto:mfbonds@lacda.org).

### **4.3.3 Material Changes**

The LACDA must receive written notice of any material changes that are made to the project after application submittal. Material changes include but are not limited to changes or alterations regarding architectural design, supportive services, target populations to be served, unit size, development team, Lead Developer or joint developer structure, ownership, financing structure, cash flow, operating subsidies, or changes in development budget line items that show an increase that exceeds 10%. Changes made or proposed to scored items will result in applications being re-scored and then evaluated relative to other applications and may change funding decisions, including rescinding committed funds in favor of another project. Applicants must request and receive the LACDA and DMH's written approval for any material changes. If the applicant undertakes material changes without approval, the LACDA reserves the right, in its sole discretion, to withdraw or rescind any funding commitment.

When a material change is made after application evaluation, an administrative fee of \$5,000 is due and payable to the LACDA upon submittal of the material change notification to the LACDA. This administrative fee covers the costs related to LACDA's review of the proposed project. If costs exceed the \$5,000 administrative fee, the balance owed must be paid upon written notification from LACDA. Any remaining funds will be used for administration costs for the continued review and administration of the proposed project.

#### **4.3.4 Changes to Standard Loan Documents**

The LACDA strictly limits changes to the standard loan agreement and related documents. Only the sections identified in the "No Changes" letter, which accompanies the initial draft loan documents, may be modified. Submission of an application assumes the applicant agrees to the standard loan terms and conditions. The LACDA does not have authority to agree to pay attorneys' fees and expenses and will not incorporate any language regarding this matter in the loan documents. Applicants may request a copy of the standard loan documents from the LACDA.

If modifications to the loan documents are requested by the project Sponsor, a non-refundable deposit of \$5,000 will be due upon written notification to the LACDA of the requested modification. The project Sponsor will be charged all costs incurred by the LACDA. If the costs exceed \$5,000, the balance owed must be paid prior to the execution of the loan agreement.

If changes and modifications are requested in the loan documents, the LACDA reserves the right to require additional documents, actions, and any other information from applicants and related parties in order to evaluate the requested changes, including but not limited to, legal opinions from the project Sponsor's attorneys covering such topics as the LACDA considers appropriate, such as an opinion that each change requested does not affect the validity or enforceability of the loan documents by the LACDA or the rights of the LACDA to realize on the collateral, guaranties, and indemnities given in connection with the loan documents.



Applicants are advised that requests for changes and modifications to the standard loan documents may be circulated to third parties for review and input, which may delay completion of loan documents.

The LACDA is transitioning to loan documents that will not allow for any changes beyond project specific information. Applicants and awardees will be notified upon implementation.

#### **4.3.5 Unincorporated Los Angeles County Project Fee Waivers**

For Unincorporated Los Angeles County area projects sponsored by non-profit developers receiving funding through this NOFA, the LACDA will provide a letter upon written request to waive fees at the Los Angeles County Departments of Regional Planning (DRP) and Public Works (DPW), consistent with Los Angeles County Code. The DRP letter will provide a waiver of entitlement fees and case expediting. The DPW letter will provide a waiver of Building and Safety fees and expedited review of construction documents. Fees previously paid by applicants will not be reimbursed. Please note that fee waivers will trigger California prevailing wage requirements.

#### **4.4 FINANCIAL FEASIBILITY**

Proposed projects must demonstrate financial feasibility for both development and operations; the LACDA's underwriting guidelines that are included in this NOFA as a Supplemental Document. For projects that contain commercial components, the sources and uses of funds contained in the NOFA application must contain detailed line items and apportioned amounts for commercial components that are separate from residential components and shall not include tenant improvement costs. The income from the residential portion of the project shall not be used to support the commercial portion and the commercial income shall not support the residential portion of the project. Applicants must provide an analysis of the anticipated commercial income and expenses.

Projects must use reasonable assumptions for tax credit pricing reasonably related to the Los Angeles County market. The LACDA will not approve a project based on assumptions that are unreasonable or inconsistent with current industry standards.

The LACDA's underwriting guidelines, included as a Supplemental Document, will be used to evaluate projects.

#### **4.5 MINIMUM OPERATING EXPENSES**

Projects must assume no less than the LACDA's minimum operating expenses. The LACDA will accept operating expenses below these minimums if justified with audited financial statements for the last two (2) years for two (2) comparable properties currently owned by the applicant. The properties must be similar in size, type, tenant population, and location to the proposed project. The LACDA reserves the right to request additional operating expense documentation during the underwriting phase. Projects that involve

more than one (1) tenant population may assume a pro rata blended operating expense based on the LACDA's minimums.

<b>TABLE 6.2 - Minimum Operating Expenses</b>			
<b>Project Size</b>	<b>Family Units</b>	<b>Senior Units</b>	<b>Special Needs Units</b>
Up to 50 units	\$7,100	\$6,200	\$8,200
51+ units	\$7,000	\$6,100	\$7,200

The LACDA's operating expenses include property taxes but exclude the following:

- Replacement/operating reserve deposits
- Debt service
- Supportive services
- Asset management fee
- Partnership management fee
- Deferred developer fee

#### **4.6 PARTNERSHIP MANAGEMENT FEE**

For projects that are approved for funding after January 1, 2022, an annual Partnership Management Fee of up to \$25,000 may be paid from project cash flow, prior to residual receipts payments. This fee must be substantiated prior to the closing of the loan by the developer and cannot include charges for any office overhead for the development of the project or project operating expenses. This fee may only be paid during the tax credit compliance period and includes payments to both the general partner(s) and the limited partner. Payments above this limit may be made from the borrower's portion of residual receipts. No annual escalations are permitted, and unpaid Partnership Management Fees cannot be accrued.

#### **4.7 RENTAL CROSS SUBSIDY**

Projects that propose to rely on a rental cross subsidy to support the expenses of Special Needs units shall assume the following in demonstrating long-term operational feasibility:

- Rents for Special Needs units shall be set no higher than 30% of Supplemental Security Income (SSI) limits. Rents may be set higher in the unusual circumstance where a Special Needs population may earn higher incomes.
  - Applicants shall submit evidence to demonstrate the ability of the Special Needs population to pay higher rents.
- Rents for non-Special Needs units shall be set no higher than 10% below market. Applicants will be required to submit a market study confirming the assumptions meet this threshold prior to receiving a commitment of funds.

## **4.8 FURNISHINGS FOR HOMELESS UNITS**

Projects that propose to serve homeless households must include costs to furnish all such units in the proposed development budget. At a minimum the project shall provide a bed and dresser in each bedroom, a dining table with chairs, sofa, coffee table, and a lamp.

## **4.9 ONSITE MANAGER**

At a minimum, one (1) on-site manager is required for all projects. The on-site manager must be full-time and reside on the project.

# **5 SCORING AND EVALUATION CRITERIA**

Applications will be reviewed in two stages: 1) threshold review and 2) technical scoring and evaluation.

Applications that pass Threshold Review will be scored according to the scoring matrix provided in the Application Scoring Criteria Summary table included in this scoring and evaluation criteria section. Only projects that meet or exceed minimum development team experience will be eligible for funding consideration. Projects must score a minimum of 540 points at technical scoring and evaluation to be considered for funding. At the sole discretion of the LACDA, projects below the scoring minimum may be considered for funding, if funds are available after final recommendations, the project is feasible, and the development team is qualified.

Available funding will be prioritized and awarded through a two-tier system.

- Tier 1 projects will be first priority and will include projects located in SPAs 1, 3, 5, 7, and 8 outside of the City of Los Angeles.
- Once all eligible projects in Tier 1 are funded, Tier 2 projects located in SPAs 2, 4, and 6 outside of the City of Los Angeles will be considered for funding.
- Projects located in the City of Los Angeles will be awarded if funds remain after awarding eligible Tier 1 and Tier 2 projects.
- Projects located within the boundaries of Skid Row in the City of Los Angeles are not eligible for funding. Skid Row Area is bounded by Main Street (west), Third Street (north), Alameda Street (east) and Seventh Street (south).

Unless there are no other available projects to fund, an applicant cannot be awarded funding for more than two projects through this NOFA, regardless of scoring. Despite project scoring, the LACDA reserves the right to remove a project from funding consideration if the per unit cost exceeds 125% of the median costs shown in all applications. If costs escalate to a level that exceeds this threshold after an award of funds, the LACDA reserves the right to rescind project funding.

In the event that there are insufficient funds to support all applications and project scoring and evaluation cannot differentiate between the final two projects, a funding recommendation will be based on the project that scores the highest in meeting County

funding priorities. If the projects are still tied, the final tiebreaker will be based on the greater percentage of NPLH units in a project.

Scoring is used to determine whether a project is eligible for funding, after which projects will be evaluated based on meeting housing goals. The LACDA will determine project funding by considering the following factors:

- The geographic distribution of applications by Service Planning Area;
- The total development cost on a per-unit basis;
- The population served; and
- The number of LACDA projects in application, predevelopment, or construction by the applicant.

<b>APPLICATION SCORING SUMMARY (MORE DETAIL FOUND IN SECTIONS 5.1-5.5)</b>		
<b>Category</b>	<b>Max. Points</b>	<b>Scoring</b>
<b>Financing</b>		
Committed Permanent Public Funds	60	Three (3) points will be awarded for every one percent (1%) of total development cost financed with committed public funds, up to a maximum of 60 points.  Projects in unincorporated Los Angeles County or those using County-owned land automatically receive full points.
Committed Rental Subsidies for Special Needs Units	30	Projects in unincorporated Los Angeles County or LACDA Section 8 participating jurisdictions that are applying for rental assistance through this NOFA will automatically receive full points.  Three (3) points will be awarded for every five percent (5%) of Special Needs units with committed rental subsidy, up to a maximum of 30 points. Points will be awarded based on rental assistance committed to the project at the time of NOFA application. Rental assistance will be considered committed if a commitment letter from the agency's Executive Director or other decision-making authority is included with the NOFA application.
<b>Development Team</b>		
Developer Experience – Affordable	100	See Section 5 for point allocation.
Emerging Co-Developer – Emerging Developer Points	40	
Managing GP Experience – Special Needs	75	
Architect Experience	30	
<b>Readiness</b>		
All other project funding is committed	90	NOFA funds and/or tax credits is/are the only remaining funding needed.

<b>APPLICATION SCORING SUMMARY (MORE DETAIL FOUND IN SECTIONS 5.1-5.5)</b>		
<b>Category</b>	<b>Max. Points</b>	<b>Scoring</b>
Entitlements for project are complete, or project can be developed by-right	60	Evidenced by completed entitlements or by-right development confirmation by the local planning authority.
<b>County Priorities</b>		
The project is selected by the County's AHSC workgroup, <b>or</b> the project received tangible County support through capital funding	150	Tangible County support does not include prior NOFA funding.
Project Size – 1 point for each affordable housing unit in the project	65	Excludes units reserved for the onsite manager.
The project is located in a high or highest resource area	100	Use the <a href="#">NOFA 30 Map</a> to determine location eligibility.
The project is located in a moderate, high, or highest area of displacement vulnerability	100	Use the <a href="#">NOFA 30 Map</a> to determine location eligibility.
<b>Total Maximum Project Points</b>		
	<b>900</b>	
<b>Bonus Points</b>		
Projects with a greater number of one- (1) bedroom NPLH units than NPLH studio units are eligible up to a maximum of 25 bonus points.	25	One (1) Bonus Point is awarded per each one- (1) bedroom unit above the number of studio units (subject to a maximum of 25 bonus points). Only applies to NPLH units.

## 5.1 FINANCING

### 5.1.1 Committed Permanent Public Funds

- Projects located in Unincorporated Los Angeles County, or projects that include County-owned land will automatically receive full points in this section.
- Points will be awarded based on non-LACDA permanent public funds committed to the project. Funding will be considered committed if a commitment letter from the agency's Executive Director or other decision-making authority is included with the NOFA application.
- Three (3) points will be awarded for every one percent (1%) of total development cost financed with committed public funds, up to a maximum of 60 points. For example, where non-LACDA public funds equal 15% of total development cost, the project would receive 45 points.

### 5.1.2 Committed Rental Assistance for Special Needs Units

- Projects located in Unincorporated Los Angeles County, or an LACDA participating jurisdiction under the Section 8 program that are applying for rental assistance through this NOFA will automatically receive full points.
- Three (3) points will be awarded for every five percent (5%) of Special Needs units with committed rental subsidy, up to a maximum of 30 points. Points will be awarded based on rental assistance committed to the project at the time of NOFA

application. Rental assistance will be considered committed if a commitment letter from the agency's Executive Director or other decision-making authority is included with the NOFA application.

## **5.2 DEVELOPMENT TEAM**

Eligible applicants include nonprofit and for-profit organizations, limited liability companies, limited partnerships, public agencies, local jurisdictions, community land trusts, and joint ventures among these entities.

All applicants must include the following team members and meet the following minimum criteria. If team members do not meet the minimum criteria, the project will not be eligible for funding and/or rental assistance.

### **5.2.1 Developer Experience**

The applicant team must include a Lead Developer or turnkey builder with adequate financial capacity and a successful track record of developing projects in California serving similar tenant populations and of similar scale as the proposed project. The Lead Developer must have completed (secured Certificate of Occupancy) a minimum of three (3) affordable multifamily rental housing projects and meet experience requirements listed in this NOFA to qualify.

Points will be awarded based on the experience of the Lead Developer with affordable, rent-restricted, and Special Needs projects. Qualifying projects must be in operation for over three (3) years and must be located in California. If an applicant seeks points for projects previously owned by the Developer, the ending date of ownership or participation in the project must be no more than 10 years from the NOFA application deadline. Points are awarded as follows:

- 3-6 projects in service more than 3 years = 80 points
- 7 or more projects in service more than 3 years = 100 points

Qualifying projects must be affordable, mixed-population, or Special Needs multifamily rental developments greater than 10 units in size and subject to a recorded regulatory agreement. The Lead Developer entity that is receiving experience points must be identified in the application. Applicants must use sponsor or developer names and shall not use a partnership name, or other designations in the application materials.

### **5.2.2 Emerging Developer Partnership and Experience**

Development Teams that have a Lead Developer partnered with an Emerging Co-Developer are eligible for emerging developer points. To receive points in this category, the qualified Lead Developer must be a co-developer with an Emerging Developer.

If the development team project includes an Emerging Co-Developer, the project will receive 40 equity points.

The experience of an Emerging Developer shall not be used to qualify as a Lead Developer's maximum development and ownership experience points.

An Emerging Developer cannot have developed, owned, or operated more than two (2) Rental Housing Developments. An Emerging Developer's two (2) or fewer rental housing developments may be located in or outside of California. If the experience of an Emerging Developer's principal is used for scoring and exceeds two (2) Rental Housing Developments, the Sponsor/Applicant does not meet the qualifications for the Emerging Developer points.

### **5.2.3 Managing General Partner Experience**

Qualifying projects must be in operation for over three (3) years. If an applicant seeks points for projects previously owned by a Managing General Partner, the ending date of ownership or participation in the project must be no more than 10 years prior to the application deadline. Points will be awarded based on experience with affordable, rent-restricted projects, as follows:

- 3 projects in service more than 3 years = 65 points
- 4 or more projects in service more than 3 years = 75 points

Qualifying projects must be affordable multifamily rental developments greater than 10 units in size and subject to a recorded regulatory agreement. To qualify for points, a project must restrict at least 10% of the units to a Special Needs or affordable population, with the restriction reflected in a recorded regulatory agreement.

### **5.2.4 Architect Experience**

The project's architect of record (an individual) must be licensed in the State of California and must have completed at least two (2) affordable multifamily rental housing projects, or one (1) LACDA-funded affordable multifamily rental housing project of the type currently being proposed (new construction or rehabilitation). To qualify, projects must be multifamily rental affordable housing developments of over 10 units that are subject to a recorded regulatory agreement. Experience points will only be awarded for projects of the type proposed. For example, if a proposed project is new construction, only new construction projects may be used to evidence experience.

Points will be awarded based on the experience of the Architect with affordable, rent-restricted projects of the type proposed in the application, as follows:

- 2-4 projects = 16 points
- 5-9 projects = 23 points
- 10 or more projects = 30 points

### **5.2.5 Property Management Experience**

Property management experience will not be scored but will be evaluated on a threshold basis. To meet the threshold requirements, the property management entity must have experience in managing at least two (2) projects with similar tenant populations and of

similar scale as the proposed project. The Property Manager may be the applicant’s own personnel, or a third-party contractor.

If the Lead Developer would like to serve as the Property Manager but lacks sufficient experience to qualify, the applicant may submit a plan on how they will get experience and/or training within one (1) year of award to serve as the qualified Property Manager. If sufficient evidence is not provided, a property manager acceptable to the LACDA must be identified and contracted to provide services to the project.

<b>DEVELOPMENT TEAM EXPERIENCE SUMMARY</b>	
No. of Projects	Available Points
<b>Developer – Affordable</b>	
0-2	Ineligible
3-6	80
7+	100
<b>Emerging Developer</b>	
0-2	40
<b>Managing General Partner</b>	
0-2	Ineligible
3	65
4+	75
<b>Architect</b>	
0-1*	Ineligible
2-4	16
5-9	23
10+	30

\*One (1) LACDA-funded affordable multifamily rental project is eligible.

### 5.3 COUNTY PRIORITIES

Projects will be awarded points based on meeting County housing priorities, as follows:

- Projects that are selected by the County’s AHSC workgroup, or projects that received capital funding from a LA County agency through a Request for Proposals or another solicitation. Projects meeting these criteria will be awarded 150 points.
  - The LACDA will confirm the selected projects with the AHSC workgroup.
- Project size -1 point will be awarded for each affordable housing unit in the project, which includes both special needs and general affordable units, but excludes manager’s units. The maximum score related to project size is 65 points.
- Projects located in high or highest resource areas will be awarded 75 or 100 points, respectively. Resource areas are based on Opportunity Area Maps developed by TCAC/California State Department of Housing and Community Development. See the [NOFA 30 mapping application](#) to identify scoring of projects.
- Projects located in an identified area of displacement will be awarded 50, 75, or 100 points based on a Displacement Vulnerability Index score that is moderate, high, or highest, respectively. The Displacement Vulnerability Index uses property and ownership information at the parcel level, to assess risk of



residential instability. See the [NOFA 30 mapping application](#) to identify scoring of projects.

## **5.5 BONUS POINTS**

These bonus points reward developments with more NPLH-assisted one (1) bedroom units than NPLH studio units. The scoring is calculated with one (1) bonus point per one (1) bedroom unit above the number of studio units; subject to a maximum of 25 bonus points.

## **6 ADMINISTRATIVE PROVISIONS**

### **6.1 GENERAL LACDA REQUIREMENTS**

All projects receiving funding under this NOFA must adhere to the General LACDA Requirements, which are made part of this NOFA as a Supplemental Document.

### **6.2 LACDA'S RIGHTS AND RESPONSIBILITIES**

The LACDA reserves the right to change the requirements and policies described in this NOFA at the LACDA's sole discretion. The LACDA is responsible only for that which is expressly stated in the NOFA documents, any authorized written addenda, and any posted Questions and Answers. Such addenda shall be made available to each person or organization via the LACDA's NOFA application website. It is the responsibility of applicants to ensure, prior to submission, that their application reflects the most recent addenda information, program requirements, and policies. By submission of an application, each applicant acknowledges receipt of all addenda, if any, that are emailed or posted on the LACDA's website. The LACDA is not responsible for and shall not be bound by any representations otherwise made by any individual acting or purporting to act on its behalf if those representations conflict with NOFA requirements.

### **6.3 LACDA'S DISCRETION**

The LACDA reserves the right, in its sole discretion, to disqualify any application that is incomplete, out of order, lacks required attachments, or contains other content errors, inconsistencies, misrepresented information, or other deficiencies. Forms provided in the NOFA application must be used and information provided otherwise may be disregarded at the LACDA's discretion. The LACDA reserves the right to waive disparities in a proposal if the sum and substance of the application is present. Furthermore, the LACDA reserves the right to terminate this NOFA at any time without prior notice.

### **6.4 COST OF APPLICATION PREPARATION**

The cost of application preparation shall be borne by the applicant. In no event shall the LACDA be liable for any expenses incurred in the preparation and submission of the application.

## **6.5 APPLICATION IS PROPERTY OF THE LACDA**

Once submitted, each application becomes the property of the LACDA and becomes a public record. The LACDA is not liable for the public disclosure of any information contained in an application. Any information that applicants do not wish to disclose to the public must be clearly marked “confidential.” A blanket statement of confidentiality or the marking of every page of the application as confidential shall not be deemed sufficient notice of exception. Applicants must specifically label only those portions of the application that are confidential in nature and notify the LACDA that confidential information is included.

## **6.6 OTHER FUNDING APPLICATIONS BY NOFA APPLICANTS**

The LACDA reserves the right to request any funding applications submitted to other funding sources by NOFA applicants. Funding applications include all such requests for financing associated with the proposed project. Failure to provide such information upon request may result in loss of funding allocation, withholding of funds, or the issuance of a noncompliance letter.

## **6.7 NONCOMPLIANT/DEBARRED CONTRACTORS**

Applications may be withheld from funding consideration in the event that the applicant (or any of its principals, or partners) is currently in arrears or delinquent in payment of debt to the LACDA, deemed to be noncompliant with the requirements of any agreement with the LACDA, or included on any County of Los Angeles, HUD, or other public agency’s debarment list.

## **6.8 INSURANCE REQUIREMENTS**

Applicants must document that they procure and maintain insurance against claims for injuries to persons or damage to property that may arise from or in connection with the performance of the work by the applicant, its agents, representatives, employees, or subcontractors. Insurance is required for all General Partner entities and all insurance, including all applicable endorsements are required to be final and approved by the LACDA prior to closing. The LACDA’s Insurance Requirements are made part of this NOFA as a Supplemental Document.

## **6.9 PET-FRIENDLY HOUSING ORDINANCE**

The County of Los Angeles [Pet-Friendly Housing Ordinance](#) authorizes tenants to have at least one pet in a rental unit in new or rehabilitated multifamily housing developments financed, in whole or in part, by the County and/or the LACDA on or after February 6, 2020, consistent with all federal and State laws and further requires landlords to maintain and provide a copy of pet policies to tenants. Projects funded through this NOFA are required to adhere to this ordinance.

## **6.10 HUD SECTION 3**

All projects receiving an award of HOME funds must comply with HUD's Section 3 requirements. The purpose of Section 3 is to ensure that employment, training, contracting, and other economic opportunities generated by financial assistance from HUD shall, to the greatest extent feasible, and consistent with existing federal, state, and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns that provide economic opportunities to low- and very low-income persons. Applicants requesting HOME funds must provide a written strategy demonstrating understanding of the Section 3 requirements and detailing how they will ensure that, when employment or contracting opportunities are generated because the project or activity necessitates the employment of additional persons or the award of contracts for work, preference shall be given to low- and very low-income persons or business concerns in the neighborhood. "Neighborhood" is defined in 24 CFR Part 92, Subpart A as "a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government."

## **6.11 PREVAILING WAGES**

### **6.11.1 State Prevailing Wages**

Section 1720 of the California Labor Code requires payment of California State Prevailing Wages for certain projects. Payment of State Prevailing Wages is assumed, unless an attorney's opinion is submitted as part of the NOFA application stating that the project is exempt from the payment of State Prevailing Wages.

### **6.11.2 Davis-Bacon Federal Wages**

The Davis-Bacon Act of 1931, as amended, requires payment of Davis-Bacon Wages in HOME-funded projects with 12 or more HOME-Assisted Units, or in projects receiving nine (9) or more PBVs or PBVASH Vouchers. In addition, contractors for such projects are required to file payroll reports and to meet other administrative and labor standards requirements.

## **6.12 GENERAL CONTRACTOR SELECTION AND CONSTRUCTION CONTRACTS**

When seeking a General Contractor, applicants must solicit a minimum of three (3) bids for comparison of pricing and services offered. General Contractors working on funded projects must 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 acceptable under the LACDA's underwriting criteria. All construction contracts shall clearly state that the sharing of cost savings above and beyond the maximum General Conditions, Overhead and Profit allowed by the LACDA's underwriting criteria are not allowed.

Construction contracts shall not include costs associated with tenant improvements for commercial space associated with the project. Project budgets shall not include tenant improvement costs and project funds (regardless of source) shall not be used for commercial tenant improvement costs.

### **6.13 CONSTRUCTION SIGNAGE AND PUBLIC HOUSING EVENTS**

Projects receiving funding through this NOFA must acknowledge that signage must be placed at the site. Construction signage must be approved by the LACDA prior to placement at the project site. If any financial assistance from HUD is included in any project, the construction sign must also acknowledge this HUD assistance.

In addition, DMH must receive 45 to 60 days advance notice of all public events such as ground breakings or grand opening for projects receiving NPLH funding through this NOFA. The developer may contact the assigned DMH Housing Coordinator or Reina Turner, Division Chief, Housing Policy & Development, at [rturner@dmh.lacounty.gov](mailto:rturner@dmh.lacounty.gov).

### **6.14 FAIR HOUSING, ACCESSIBILITY REQUIREMENTS, MARKETING, AND LEASE-UP**

All projects receiving funding under this NOFA must adhere to the LACDA's Fair Housing and Accessibility Requirements included as a Supplemental Document with this NOFA. The project must be constructed and maintained in accordance with all applicable accessibility standards. Special Needs units must be distributed throughout the project and cannot be aggregated on certain floors or set aside only in specified areas of a building.

Projects that propose or implement local preferences will not be eligible for funding. An exception may be made for projects in a jurisdiction with its own Continuum of Care.

### **6.15 DENSITY BONUS UNITS**

The LACDA will issue density bonus covenants for Unincorporated Los Angeles projects that have received a density bonus through DRP. Any density bonus covenant and agreement issued by the LACDA will not be subordinated to other project financing. Applicants are encouraged to discuss this with other project finance partners early in the project lifecycle.

### **6.16 WITHHOLDING OF FUNDS UNTIL PERMANENT FINANCING**

The LACDA will withhold 1.5% of the loan amount, up to a maximum of \$100,000, until conversion to permanent financing is complete. Any withheld loan amount will only be released upon the full satisfaction of all Permanent Financing Conditions, as identified in the LACDA's loan agreement. For NPLH-funded projects, the LACDA may withhold up to \$1,000,000 in funding until permanent loan conversion.

## **6.17 COMPLIANCE WITH ALL CONDITIONS PRIOR TO LOAN CLOSING**

All requirements and conditions set forth in this NOFA and the loan documents must be satisfied, as determined by the LACDA, in its sole discretion, prior to disbursement of any loan funds. NOFA awardees will be required to address all deficiencies identified during the loan closing process prior to release of loan funds. The LACDA may withhold all or part of its loan funds until all deficiencies are addressed to the reasonable satisfaction of staff. Applicants will also be required to address all conditions of funding, if any are identified by the LACDA's Loan Committee.

The applicant represents and warrants that all materials and information provided in connection with this NOFA are true and correct at all times, from the date of submission to the LACDA and throughout the award process, loan closing, and term of the loan. By way of example, but not by limitation, some of the conditions, representations, or warranties that must be at all times true include:

- Applicant must be in good standing and have the authority and organizational power to enter into the documents, agreements, and certifications related to the NOFA and any resulting loan.
- Applicant and its partners, principals, or affiliates must not be or include any persons or companies who are in non-compliance with the requirements of any agreement with the LACDA or be listed on any County of Los Angeles or HUD debarment lists.
- Applicant and its partners, principals or affiliates cannot be in default or in violation of any of its obligations under the NOFA, or any loan documents, contracts, agreements, court orders or laws, and submitting for the NOFA and providing the information and entering into the agreements contemplated by the NOFA will not cause a default or violation.
- Applicant's financial condition shall not have declined to the point of insolvency.
- There shall be no change in the ownership, management, or control (direct or indirect) of applicant, which is not promptly disclosed to and approved by the LACDA.
- The applicant and its partners, principals, or affiliates shall not be subject to any binding agreement, suit, order, or law which would be violated if applicant proceeds with the transactions contemplated by the NOFA, or the loan documents.
- There shall be no discovery of any preexisting event or circumstances and there shall be no material adverse change in the condition or suitability of the project site, the feasibility of the project, completion date, or the cost of the project that is not promptly disclosed to and approved by the LACDA.
- Applicant and its partners, principals or affiliates shall not be subject to any litigation, suit, arbitration, or administrative proceeding that may adversely affect the ability of applicant to perform any of its obligations under or contemplated by the NOFA.
- Once met, the project shall continue to meet all requirements of this NOFA.

## **6.18 EVENTS OF DEFAULT**

Under the terms of the documents for any loan made pursuant to this NOFA, the following events may cause the LACDA to declare the applicant in default:

- Unfunded project or operating cost overruns.
- Breach of covenants, including affordability requirements.
- Failure to maintain the property.
- Failure to make loan payments.
- Failure to meet all accessibility requirements.
- Failure to submit audited financial statements by a certified public accountant and the borrower.
- Failure to abide by prevailing wage requirements (as applicable).
- Failure to maintain appropriate insurance coverage.
- Failure to reasonably abide by project and/or construction schedules.
- Bankruptcy, dissolution, or insolvency of the borrower or general partner of borrower's partnership.
- Appointment of a receiver or trustee or general assignment for the benefit of creditors.

This list is representative and not all-inclusive.

## **6.19 LOCAL AND TARGETED WORKER HIRING PROGRAM**

All projects must utilize their best efforts to achieve the Local Resident hire goal of 30 percent of total California construction labor hours and a Targeted Worker hire goal of 10 percent of total California construction labor hours. Hours worked by a Targeted Worker who is also a Local Resident may be applied towards the 30 percent Local Resident hire goal.

The Contractor shall ensure posting a wide array of its construction job advertisements and/or seeking the assistance of a community service provider organization, if necessary, to ensure the best-efforts hiring requirement provided for Local Workers is met in accordance with this Policy.

Exceptions for projects in jurisdictions enforcing their own local hiring policy, and for projects with federal or State funding prohibitions on geographic preferences will be determined on a case-by-case basis by the Los Angeles County Chief Executive Office (“CEO”), in consultation with the County Board of Supervisors Offices and County Counsel, and the exemption shall be stated in the corresponding Board letter.

Affordable housing projects financed with federal funds subject to 24 CFR Part 135 will follow local hiring and training guidelines promulgated through Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain Housing and Urban Development (HUD) financial assistance can be directed to low- and very low-income persons, particularly those who are recipients of government

assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

### **6.19.1 Local and Targeted Worker Program Requirements**

From time to time, the Local and Targeted Worker Hiring Program may be updated or amended by the BOS and/or CEO. Projects are expected to adhere to the Local and Targeted Worker Hiring Program in effect at the time of permitting. Reporting on progress with meeting program requirements will be made monthly and will be a prerequisite to receipt of approval of funds during each construction draw and permanent loan conversion.

The Lead Developer is required to facilitate the Local and Targeted Worker Hiring Program and must provide evidence of outreach to Local Residents and Targeted Workers and report on hiring activities monthly. The LACDA will condition the approval of construction draws and release of funds at conversion to permanent financing on the submission of monthly reports.

To demonstrate best efforts at achieving the designated hiring goals, the project's Lead Developer shall provide evidence of outreach efforts that shall include but not be limited to:

- Advertising the project information and Local Resident and Targeted Worker hiring goals, job fairs, and job opportunities via two separate notices in community newspapers prior to the start of construction;
- Conducting outreach to organizations or programs such as:
  - Local Workforce Investment Board and job centers;
  - Area chamber(s) of commerce;
  - Any local community colleges, trade and technical schools, and other employment training programs;
  - Labor organizations if union labor is used; and
  - The local jurisdiction's social services department.
- Conducting at least two job fairs at or near the job site;
- To the extent available, using the Lead Developer's and general contractor social media outlets and website to advertise the Local and Targeted Worker hiring aspects of the project;
- The following resources may be used to connect contractors to workers meeting the definition of a Local Worker or a Targeted Worker, should the contractor require assistance. Additional Community Service Providers may be used by contractors and subcontractors to identify local residents and Targeted Workers.
  - Los Angeles County Workforce Development, Aging, and Community Services: <https://wdacs.lacounty.gov/>
  - LA Jobs: <https://www.jobsla.org/vosnet/Default.aspx>
  - Cal Jobs: <https://www.caljobs.ca.gov/vosnet/Default.aspx>
  - Helmets to Hardhats: <https://helmetstohardhats.org/>
  - America's Job Center of California: <https://www.ajcc.lacounty.gov/>

As a result of the above outreach, project teams shall develop a list of qualified Local Residents and Targeted Workers and shall draw from this list to the greatest extent possible for job openings that occur throughout the life of the project.

The Local and Targeted Worker Hiring Program does not require the project to hire personnel that are not qualified for available job openings, but instead seeks to provide job opportunities to Local and Targeted Workers to the greatest extent possible.

## 6.20 LOCAL RESIDENT

Local Resident hiring uses a two-tiered preference system.

- A **Tier I Qualified Local Resident** is defined as a County resident whose primary residency is:
  - Within five (5) miles of the proposed project site; and
  - Is within a qualifying Zip Code (see definition below). If a qualifying Zip Code is partially located within the 5-mile radius, then the entire Zip Code is considered as Tier I Zip Code, and workers living in that entire Zip Code area may qualify as Tier I hire.
- A **Tier 2 Qualified Local Resident** is defined as a County resident whose primary residency is:
  - Within a qualifying Zip code; and
  - That qualifying Zip Code is beyond five (5) miles of the proposed project site.

## 6.21 PUBLIC OUTREACH REQUIREMENTS

All projects must include public outreach. Projects that will complete public outreach and noticing as part of an entitlement action or other local jurisdictional requirements may use those procedures to meet the intent of this NOFA section. If a local jurisdiction does not require public outreach as part of project approval, or if a project is exempt from a local jurisdiction's public outreach requirements, the conditions of this NOFA section must be implemented.

If applicable, the following public outreach procedures must be initiated by the project Sponsor upon receipt of a funding recommendation by the LACDA:

1. Notices must be sent to all owners of property located within a 500-foot radius of the exterior boundaries of the subject property.
  - a. Notices shall include the following information:
    - i. A general description of the project, including proposed tenant population, and location of the subject property.
    - ii. A statement that the project is recommended for funding by the LACDA and outreach is required as part of the funding activity.



- iii. A statement that at least one public meeting (virtual or in-person) is being held and that any interested person may attend the public meeting to provide comment.
  - iv. A statement that written comments may be submitted to the project Sponsor for a period of at least two weeks following the meeting.
  - v. The phone number, email address, and/or website of the Sponsor, where an interested person can obtain additional information, which shall include at a minimum a site plan, floor plans, building elevations, and a map identifying the location of the proposed project.
- b. Notices must be mailed at least 30 days prior to the public meeting.
  - c. Notice of the public meeting shall be published once in a newspaper of general circulation available in the community of the proposed project at least 30 days before the meeting date.
2. Evidence of all outreach activities, including a list of contacted property owners, copy of the notice, a log of public comments, and proof that a public meeting was held must be kept on file by the project Sponsor and presented to the LACDA upon request.

## **6.22 REPORTING REQUIREMENTS FOR THE NPLH PROGRAM**

The NPLH Reporting Requirements delineate the standards required by the LACDA, DMH, and HCD to provide comprehensive supportive services in permanent housing developments funded under this NOFA.

The latest reporting requirements can be found as a Supplemental Document to this NOFA. The reporting requirements vary by unit type; NPLH-assisted units versus non-NPLH-assisted units. Reporting requirements will be updated from time to time and applicants are required to adhere to the latest requirements. DMH will provide the latest reporting requirements to each project.

## **7 DEFINITIONS**

1. “Area Median Income” or “AMI” means the most recent applicable County median family income published by the California Tax Credit Allocation Committee (TCAC).
2. “Application” means a request for funds or project-based rental assistance that will be used for costs associated with Assisted Units that will house an eligible Target Population.
3. “Assisted Unit” means a residential housing unit that is subject to the rent, occupancy and other restrictions specified in this NOFA as a result of the financial assistance provided by the LACDA, either in the form of capital or rental subsidy.
4. “At-Risk of Chronic Homelessness” for the NPLH Program means an adult or older adult with a Serious Mental Disorder or Seriously Emotionally Disturbed Children or

Adolescents who meet one or more of the criteria below. All persons qualifying under this definition will be prioritized for available housing by using a standardized assessment tool from DMH that ensures that those with the greatest need for Permanent Supportive Housing and the most barriers to housing retention are prioritized for the Assisted Units available to persons At-Risk of Chronic Homelessness pursuant to the terms of the Project regulatory agreement. Persons qualifying under this definition are persons who are at high-risk of long-term or intermittent homelessness, including:

- a. Pursuant to Welfare and Institutions Code Section 5849.2, persons exiting institutionalized settings, such as jail or prison, hospitals, institutes of mental disease, nursing facilities, or long-term residential substance use disorder treatment, who were Homeless prior to admission to the institutional setting;
- b. Transition-Age Youth experiencing homelessness or with significant barriers to housing stability, including, but not limited to, one or more evictions or episodes of homelessness, and a history of foster care or involvement with the juvenile justice system; and others as set forth below;
- c. Persons, including Transition-Age Youth, who prior to entering into one of the facilities or types of institutional care listed herein had a history of being Homeless as defined under this subsection: a state hospital, hospital behavioral health unit, hospital emergency room, institute for mental disease, psychiatric health facility, mental health rehabilitation center, skilled nursing facility, developmental center, residential treatment program, residential care facility, community crisis center, board and care facility, prison, parole, jail or juvenile detention facility, or foster care. Having a history of being Homeless means, at a minimum, one or more episodes of homelessness in the 12 months prior to entering one of the facilities or types institutional care listed herein. The CES to be used by DMH, or another system used to prioritize persons At-Risk of Chronic Homelessness for available Assisted Units, may impose longer time periods to satisfy the requirement that persons under this paragraph must have a history of being Homeless.

The limitations in the subsection pertaining to the definition of “Homeless” below shall not apply to persons At-Risk of Chronic Homelessness for the NPLH Program, meaning that as long as the requirements in subsections 4. a. – c. above are met:

- d. Persons who have resided in one or more of the settings described above in subsection 4. a. or c. for any length of time may qualify as Homeless upon exit from the facility, regardless of the amount of time spent in such facility; and
- e. Homeless persons who prior to entry into any of the facilities or types of institutional care listed above have resided in any kind of publicly- or privately-operated temporary housing, including congregate shelters, transitional, interim, or bridge housing, or hotels or motels, may qualify as At-Risk of Chronic Homelessness.

5. "CDLAC" means the California Debt Limit Allocation Committee

6. “Chronically Homeless” for the NPLH Program means an adult or older adult with a Serious Mental Disorder or Seriously Emotionally Disturbed Children or Adolescents who meet the criteria below according to 24 Code of Federal Regulations Section 578.3, as that section read on May 1, 2016:
  - a. A “homeless individual with a disability,” as defined in section 401(9) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360(9)), who
    - i. Lives in a place not meant for human habitation, a safe haven, or in an emergency shelter; and
    - ii. Has been Homeless and living as described in paragraph (1) (A) of this definition continuously for at least 12 months, or on at least four separate occasions in the last three years, as long as the combined occasions equal at least 12 months, and each break in homelessness separating the occasions included at least seven consecutive nights of not living as described in paragraph (1). Stays in institutional care facilities for fewer than 90 days will not constitute a break in homelessness, but rather such stays are included in the 12-month total, as long as the individual was living or residing in a place not meant for human habitation, a safe haven, or an emergency shelter immediately before entering the institutional care facility;
  - b. An individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital, or other similar facility, for fewer than 90 days and met all of the criteria in paragraph (1) of this definition, before entering that facility; or
  - c. A family with an adult head of household (or if there is no adult in the family, a minor head of household) who meets all of the criteria in paragraph (1) or (2) of this definition, including a family whose composition has fluctuated while the head of household has been Homeless.
7. “Coordinated Entry System” or “CES” means a centralized or coordinated process developed pursuant to 24 CFR Section 578.7(a)(8), as that section read on May 1, 2016, designed to coordinate program participant intake, assessment, and provision of referrals. A centralized or coordinated assessment system covers the geographic area, is easily accessed by individuals and families seeking housing or services, is well advertised, and includes a comprehensive and standardized assessment tool. In Los Angeles County the CES Policy Council approves CES related policies.
8. “CTCAC” means the California Tax Credit Allocation Committee.
9. “Developer”, “Lead Developer”, “Applicant”, “Project Sponsor”, or “Sponsor” means any individual, joint venture, partnership, limited partnership, corporation, cooperative, local public entity, or any combination thereof, certified by the LACDA as qualified to own, manage, and rehabilitate a Multifamily Rental Supportive Housing Development. A Developer, Applicant, or Project Sponsor may be organized for profit, limited profit, or be nonprofit, and includes a limited partnership in which the Developer, Applicant, or Project Sponsor or an affiliate of the Developer, Applicant, or Project Sponsor is a general partner.

10. “Developmental Disability” means, as defined in section 102 of the [Developmental Disabilities Assistance and Bill of Rights Act](#) of 2000 ([42 U.S.C. 15002](#)):
- a. A severe, chronic disability of an individual that -
    - i. Is attributable to a mental or physical impairment or combination of mental and physical impairments;
    - ii. Is manifested before the individual attains age 22;
    - iii. Is likely to continue indefinitely;
    - iv. Results in substantial functional limitations in three or more of the following areas of major life activity:
      1. Self-care;
      2. Receptive and expressive language;
      3. Learning;
      4. Mobility;
      5. Self-direction;
      6. Capacity for independent living;
      7. Economic self-sufficiency.
    - v. Reflects the individual's need for a combination and sequence of special, interdisciplinary, or generic services, individualized supports, or other forms of assistance that are of lifelong or extended duration and are individually planned and coordinated.
  - b. An individual from birth to age nine (9), inclusive, who has a substantial developmental delay or specific congenital or acquired condition, may be considered to have a developmental disability without meeting three or more of the criteria described in paragraphs (a)(i) through (v) of the definition of “developmental disability” in this section if the individual, without services and supports, has a high probability of meeting these criteria later in life.
11. “Emerging Developer” is a developer that has developed, owned, or operated no more than two (2) Rental Housing Developments.
12. “Fiscal and Programmatic Compliance” includes but is not limited to timely submission of requested financial documents; demonstrated provision of social and supportive services; proof of all required insurance; no delinquent payments or no loans written off as uncollectible; the timely submission of annual owner certification documents; satisfactory monitoring findings during occupancy, tenant file review, housing quality standards inspections; and labor compliance reviews. Included in this evaluation are timely completion of projects, and timely correction of any building deficiency noted by any governmental agency.
13. “Financial Feasibility”, and/or “Financially Feasible” means, for any Project for any given period of time during the term of the loan, that the total operating income for such Project for such period of time, plus funds released pursuant to the loan agreement from the Project’s operating reserve account(s) during such period of time is sufficient to:
- a. Pay all current operating expenses for such Project for such period of time;
  - b. Pay all current mandatory debt service (excluding deferred interest) coming due with respect to such Project for such period of time; and

c. Fully fund all required reserve accounts.

14. "HIV/AIDS" means a person with acquired immunodeficiency syndrome or related diseases who is a low-income individual, as defined in this section, and the person's family, per 24 CFR 574.
15. "HUD" means the federal Department of Housing and Urban Development.
16. "Homeless" means the definition used by HUD at the time of application and/or lease up of an identified unit.
17. "Housing First" has the same meaning as in Welfare and Institutions Code Section 8255, including all of the core components listed therein.
18. "Lead Developer" refers to the individual or entity primarily responsible for overseeing the planning, execution, and completion of real estate development projects.
19. "Local Resident" is defined as an individual living within the Tier 1 or Tier 2 ZIP Codes of Los Angeles County. Before employing worker(s) from Tier 2 ZIP Codes, the available pool of local residents whose primary place of residence is within Tier 1 ZIP Codes must first be exhausted.
20. "Multifamily" means a housing type where multiple separate housing units for residential inhabitants are contained within one building or several buildings within one complex, commonly referred to as an "apartment building".
21. "Rent" means the same as "gross rent", as defined in accordance with the Internal Revenue Code (26 USC 42(g)(2)(B)). It includes all mandatory charges, other than deposits paid by the tenant, for use and occupancy of an Assisted Unit, plus a utility allowance established in accordance with TCAC regulations, if applicable. For Units assisted under the Section 8 program or similar rental or operating subsidy program, Rent includes only the tenant contribution portion of the contract rent.
22. "Scattered Site Housing" means a project in which the parcels of land are not contiguous except for the interposition of a road, street, stream or similar property. The requirement of this shall be interpreted in a manner consistent with the requirements of Title 4 CCR, Division 17, Chapter 1, Section 10302 (II) pertaining to Scattered Site Housing.
  - a. For acquisition and/or rehabilitation projects with one pre-existing project-based Section 8 contract in effect for all the sites, there shall be no limit on the number or proximity of sites.
  - b. For acquisition and/or rehabilitation projects with any of the following: (A) existing federal or state rental assistance or operating subsidies, (B) an existing CTCAC Regulatory Agreement, or (C) an existing regulatory agreement with a federal, state, or local public entity, the number of sites shall be limited to five, unless the Executive Director approves a higher number, and all sites shall be either within

the boundaries of the same city, within a 10-mile diameter circle in the same county, or within the same county if no location is within a city having a population of five-hundred thousand (500,000) or more.

- c. (3) For new construction projects and all other acquisition and/or rehabilitation projects, the number of sites shall be limited to five, and all sites shall be within a 1 mile diameter circle within the same county

23. “SSI/SSP” means the California Department of Social Services’ Supplemental Security Income/State Supplementary Payment pursuant to Welfare and Institutions Code Section 12000 et seq.

24. “Survivors of Domestic Violence/Human Trafficking” is a survivor of domestic violence, pursuant to California Penal Code 13700 who has experienced abuse committed by an intimate partner. Human trafficking is defined as a person who has been subjected to a “severe form of trafficking in persons,” which, as defined in 22 U.S.C. § 7102(11), means:

- a. sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such an act has not attained 18 years of age; or
- b. the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

25. “NPLH Target Populations” refers to households with at least one person who qualifies as a member of one of the Target Populations identified in Welfare and Institutions Code Section 5600.3 (a) adults or older adults with a Serious Mental Disorder, or (b) Seriously Emotionally Disturbed Children or Adolescents, who are:

- Homeless,
- Chronically Homeless,
- At-Risk of Chronic Homelessness

Target Populations include persons with a mental illness who may have co-occurring physical health and/or substance use disorders. The Tenant Selection Plan must include the use of low-barrier tenant selection practices that prioritize vulnerable populations that are consistent with the County’s CES and the State’s adaptation of Housing First principles.

26. A “Targeted Worker” is an individual who is both a County resident and who faces one or more of the following barriers to employment:

- Has a documented annual income at or below 100 percent of the Federal Poverty Level;
- Has no high school diploma or GED;
- Has a history of involvement with the criminal justice system;

- Is experiencing protracted unemployment (receiving unemployment benefits for at least 6 months);
- Is a current recipient of government cash or food assistance benefits;
- is homeless or has been homeless within the last year;
- Is a custodial single parent;
- Is a former foster youth;
- Is a veteran, or is the eligible spouse of a veteran of the United States armed forces, under Section 2(a) of the Jobs for Veterans Act (38 U.S.C.421 5[a]);
- Is an eligible migrant and seasonal farmworker;
- Is currently an English language learner;
- Is an older Individual (55+);
- Is disabled; or
- Is an individual with a low level of literacy.

27. “Total Development Cost” means the sum of all eligible development costs associated with the acquisition, design, construction, or rehabilitation.

28. “Transition Age Youth” means unaccompanied youth under age 25, including youth with children who are leaving the care of a government system, including foster care, mental health, or incarceration.

29. “Qualifying Zip Code” is defined as a Zip Code within the County of Los Angeles, where either:

- a. The average percentage of households living below 200 percent of the Federal Poverty Level (FPL) for that individual’s primary residency’s Zip Code is greater than the County average for such households; or
- b. The Zip Code is one of 11 additional Zip Codes determined by the Board BOS on October 6, 2011 to be a Zip Code where at least 30 percent of the population is living in poverty, and with an unemployment rate of at least 150 percent of the national average.

30. “Unit” means a residential unit that is used as a primary residence by its occupants, including individual units within Rental Housing Developments, including Shared Housing.

## **8 SIGNIFICANT CHANGES**

The LACDA’s NOFA is modified each year to account for changes in the housing industry, and/or changes in County or LACDA policies, funding priorities, or goals. The following items highlight the significant changes to the NOFA when compared to the last NOFA issuance. See identified NOFA sections for full information. Because the information presented below does not include all of the modifications to the NOFA, applicant teams are advised to read and consider the entire document before applying.

### **1.5 American Indian and Native Alaskan Projects**

The County of Los Angeles strongly encourages applicants to develop culturally appropriate projects for American Indian and Native Alaskan populations.

### **3.7.2 Article XXXIV of the California Constitution**

As a result of SB 469, applicants are not required to submit evidence of Article XXXIV authority.

## **5 Scoring and Evaluation Criteria**

Scoring and the evaluation criteria has been updated.

The geographic priorities and restrictions are tied to Service Planning Areas. Funding will be prioritized based on Service Planning Areas (SPAs). Funding will be awarded in a two-tier system.

- Tier 1: Projects located in SPAs 1, 3, 5, 7, and 8 outside the City of Los Angeles.
- Tier 2: Projects located in SPAs 2, 4, and 6 outside the City of Los Angeles.
- Projects located in the City of Los Angeles will be awarded if funds remain after awarding eligible Tier 1 and Tier 2 projects.
- Projects located within the boundaries of Skid Row are not eligible for funding. Skid Row Area is bounded by Main Street (west), Third Street (north), Alameda Street (east) and Seventh Street (south).

## **5.2 Development Team**

Scoring for development team experience has been increased.

### **5.2.2 Emerging Developer Experience and Partnership**

Development Teams that have a Lead Developer partnered with an Emerging Co-Developer are eligible for emerging developer points.

### **5.2.5 Property Management Experience**

Property Management experience will not be scored in the technical scoring evaluation phase. There are new flexible ways for an applicant to meet the property management threshold requirements, which allows project sponsors who wish to begin providing property management services to do so.

## **6.13 Construction Signage and Public Housing Events**

DMH must receive 45 to 60 days advance notice of all public events.

## **6.22 Reporting Requirements for the NPLH Program**

The NPLH Program requires data collection and entry information into the Homeless Management Information System (HMIS).



**Proforma**

The LACDA has updated the NOFA 30 proforma. The Operating Subsidy tab has been removed and those elements have been consolidated within the D.5 Unit Mix, Rents, Op Subsidy tab.

**Underwriting**

The allowable property management fee has been increased to \$75/unit/month.