



NOTICE OF FUNDING AVAILABILITY AND PROGRAM GUIDELINES

**Affordable Multifamily Rental Housing
NOFA Round 27
Fiscal Year 2021-2022**

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SUPPLEMENTAL DOCUMENTS

1.	<u>Application for Funding</u>
2.	<u>Application for Section 8 Project-Based Rental Assistance</u>
3.	<u>CHDO Qualification Criteria and Application</u>
4.	<u>Environmental Service Request Form</u>
5.	<u>Eligible Areas</u>
6.	<u>PBV and PBVASH Voucher Regulations and Guidelines</u>
7.	<u>Supportive Services Criteria</u>
8.	<u>Architectural Design Requirements</u>
9.	<u>Affirmative Fair Housing and Accessibility Requirements</u>
10.	<u>LACDA Underwriting Guidelines</u>
11.	<u>Community Outreach Toolkit</u>
12.	<u>General LACDA Requirements</u>
13.	<u>Utility Allowance Schedule</u>
14.	<u>Section 8 Payment Standards</u>
15.	<u>Rent and Income Limits</u>
16.	<u>LACDA Insurance Requirements</u>
17.	<u>Local and Targeted Worker Hiring Reporting</u>

1 PROGRAM OVERVIEW

1.1 INTRODUCTION

The focus of this Notice of Funding Availability for Affordable Multifamily Rental Housing (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 housing units in projects throughout the County of Los Angeles (County). Projects funded through this NOFA are expected to help combat homelessness, meet the housing needs of their communities, provide local economic development opportunities during construction, and assist in the alleviation of any local blighting conditions.

Through this NOFA, eligible affordable multifamily rental housing projects may apply for capital financing, as well as rental assistance in the form of Section 8 Project-Based Vouchers (PBVs) and Project-Based Veterans Affairs Supportive Housing (PBVASH) Vouchers. Applications for PBVs and PBVASH Vouchers must accompany a request for capital funding and projects seeking rental assistance must be within the Section 8 jurisdiction of the Los Angeles County Development Authority (LACDA).

This NOFA makes available up to **\$66.8 million in 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 **300 PBVs/PBVASH Vouchers**.

1.2 NOFA TIMELINE

Date	Event
12/22/2021	NOFA Release
1/5/2022	Mandatory proposers conference at 2:00 pm
1/7/2022	All Projects submit request for Confirmation of Compliance
1/10/2022	Deadline to submit questions through the NOFA Q&A
1/17/2022	Q&A published
2/2/2022	Applications Due Before Midnight (by 11:59:59 p.m.)
2/7/2022	List of applications and self-scores posted
2/2/2022 – 3/14/2022	Application review period (may be adjusted based on the number of applications received)
3/14/2022	Scores issued/appeal period begins
3/16/2022	Appeal period closes
3/24/2022	Project approval by LACDA Executive Director

1.3 MEETING FOR FUNDED PROJECTS

NOFA Awardees may be required to attend a meeting for funded projects. This meeting, if required, 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

NOFA Online Application

<https://nofaonline.lacda.org/>

Map for Scoring Displacement Vulnerability and Opportunity Area

<https://lacounty.maps.arcgis.com/apps/instant/lookup/index.html?appid=f9e9273abee14d7e8d339bf4737e0c54>

LACDA Affordable Housing Information

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

NOFA E-mail Subscription

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

<https://nofaonline.lacda.org/Subscription/EmailSubscription.aspx>

NOFA Point of Contact

The LACDA's Point of Contact for this NOFA is: Beatriz Lopez – Beatriz.Lopez@lacda.org.

2 APPLICATION PROCESS

All NOFA materials and information can be found in these NOFA guidelines and via links to 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 online application system, located at <https://nofaonline.lacda.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). 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 online portal at the “Ask a Question” link. 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 for Funding, which is an Excel document included with this NOFA, identifies threshold criteria in the Application Checklist that must be met to be considered for funding.

The Threshold Review evaluates 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 REVIEWS 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 for Funding checklist.

Applicants may appeal the Technical Scoring results. The written appeal will be the sole basis of the LACDA's consideration of the appeal. Appeals may be submitted 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 new information will not be considered.

2.5 FUNDING RECOMMENDATIONS

Applications are recommended for funding based on the Technical Scoring. An Independent Review Panel reviews project scoring results before making funding recommendations to the LACDA's Executive Director. All awards are provisional until approved by the LACDA's Board of Commissioners.

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.

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 in the project approval and loan-making process. 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 six (6) weeks 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. The actual issuance of a funding commitment 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, 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 PROGRAM DESCRIPTION

3.1 AVAILABLE FUNDS AND RENTAL ASSISTANCE

NOFA funds may be restricted to a target population and/or geography. Additionally, funding levels for projects in the City of Los Angeles differ from other areas in the balance 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 up to a total of approximately \$66,800,000, comprised of the following:

- Up to \$59,800,000 in Affordable Housing Trust Funds (AHTF) for units reserved for qualifying Special Needs populations.
- Up to \$7,000,000 in federal HOME Investment Partnerships Program (HOME) funds for qualifying Special Needs populations in projects located in eligible jurisdictions. Applicants for HOME funds must qualify as a Community Housing Development Organization (CHDO) as certified by the LACDA. The CHDO Qualification Criteria and Application is included in this NOFA and must be submitted with a request for HOME funds. LACDA-approved CHDO certification must be in place before an award of HOME funds can be made. If no applicant is successful in securing HOME funds, the LACDA may award this funding type to an eligible project. Contact Marina Brookins-Odom at Marina.Brookins-Odom@lacda.org for more information regarding CHDO certification.
- Projects that were awarded No Place Like Home funds through a past LACDA NOFA may apply for AHTF or HOME funds through this current NOFA.
- HOME and AHTF funds cannot be used to assist the same unit (stacked).
- No Place Like Home funds may be stacked with AHTF, but not HOME funds.

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 the 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.

CAPITAL FUND PROJECT LIMITS			
Fund Type	Target Population	Eligible Geography	Maximum Subsidy Per Project
AHTF	Special Needs	Los Angeles County	<ul style="list-style-type: none"> • \$7,000,000 in unincorporated Los Angeles County or projects using County-owned land. • \$5,000,000 in incorporated cities outside of the City of Los Angeles. • \$3,000,000 in the City of Los Angeles. • Funds are allocated on a per-unit basis per eligible Assisted Unit.
HOME	Special Needs	Unincorporated Los Angeles County or HOME Participating City	As specified under the HOME Program (all funds may be awarded to the highest scoring eligible project).

CAPITAL FUND UNIT LIMITS	
Number of Bedrooms*	Maximum Per Unit Subsidy
Studio	\$140,000
1	\$150,000
2+	\$160,000

*Projects proposing 3-bedroom units for 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 300 PBVs/PBVASH Vouchers are available to projects within LACDA’s jurisdiction. Projects must apply for and be awarded capital funds to qualify for rental assistance, with one exception as follows. Projects seeking only PBVASH Vouchers may apply for this rental assistance type as a stand-alone application. Such applications will only be considered if sufficient PBVASH Vouchers remain after providing rental assistance to projects funded through this NOFA.

RENTAL ASSISTANCE TYPES			
Type of Funds	Target Population	Eligible Geography	Maximum Subsidy Per Unit
PBVs	Special Needs @ 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 @ 50% AMI		

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).

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. This 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, as identified. 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 extensions available.

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 (standalone applications for LACDA rental assistance will not be accepted, except for PBVASH Vouchers).
- 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 tabs within 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. All projects awarded HOME funds and/or PBV/PBVASH Vouchers from LACDA must receive NEPA clearance from the LACDA prior to construction loan financing. If project sponsors require NEPA clearance by a particular date, a request for review and clearance must be received by the LACDA at least 10 weeks prior to the date such NEPA clearance is needed.

3.1.5 GEOGRAPHIC PROJECT LIMITATIONS

An applicant may submit a maximum of one application for a project in the City of Los Angeles for which they are the Lead Developer. A Lead Developer is a developer that possesses 51% or more of the development responsibilities and share of developer fee. There is no restriction on the number of projects per applicant outside of the City of Los Angeles.

3.2 TARGET POPULATIONS

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

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

3.2.1 AFFORDABILITY REQUIREMENTS

Special Needs units that are to receive funding/rental assistance 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.

3.3 ELIGIBLE PROJECTS AND GENERAL REQUIREMENTS

- 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 required.

Please note that motel conversions are eligible projects under this NOFA.

3.3.1 MINIMUM PROJECT REQUIREMENTS

All eligible project types must meet the following minimum requirements:

- The project must be located entirely within Los Angeles County and within any geographic restriction 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 in the community by demonstrating adequate proximity to transportation, services, and other amenities.
- Proposed projects must demonstrate that Assisted Units are integrated with other units in the project and not located in 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 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.
- Projects that are currently subject to affordability covenants or agreements are not eligible unless the affordability period is expiring 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.
- 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 low-income 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 received an award of tax credits (as applicable) or commenced construction. Per HUD guidelines, projects that are only seeking PBVASH Vouchers may be in predevelopment or be completed (but not in construction).

3.4 INELIGIBLE PROJECT TYPES

Projects must be able to meet all requirements and goals of this NOFA for eligibility. 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.
- 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 with costs that exceed \$550,000 per unit, based on total development cost, without approved justification of high costs by the LACDA. The LACDA's threshold review of the justification will inform the LACDA's decision to accept or reject the application.
- Projects that propose to fund commercial tenant improvements as part of the project budgets.
- 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.

3.5 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 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.
- Capitalized transition reserve, or other project reserves.
- 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.

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

Applications must demonstrate compliance with Article XXXIV (Article 34) by providing either documentation of Article 34 authority from the local jurisdiction, or a letter from the jurisdiction's City Attorney indicating why Article 34 does not apply. A letter from a private law firm will only be accepted if the local jurisdiction contracts with that firm for the provision of City Attorney services. In this case, the letter must plainly state the law firm's contractual relationship with the local jurisdiction.

Unincorporated Los Angeles County has sufficient Article 34 capacity, therefore, the LACDA will coordinate Article 34 clearance as part of the funding reservation process and will not require Article 34 letters as part of the application process for such projects.

3.7.3 SITE CONTROL

At the time of application, an applicant must demonstrate that it has site control, as defined by 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 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 any of the applicant's existing projects are not in compliance with the LACDA's 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 (included in this NOFA's Supplemental Documents) to AMLoanServicing@lacda.org by the due date identified in the NOFA Timeline.

3.8 SUPPORTIVE SERVICES PLAN

All applicants must prepare a Supportive Services Plan that is appropriate for the project's population(s), as described in the Supportive Services Criteria Supplemental Document that is part of this NOFA. Projects with more than one target population must address the supportive service needs of all tenants.

The Supportive Services Plan will not be scored, but will be evaluated for quality, completeness, and inclusion of all required elements. The Service Criteria Matrix and Service Definitions identify those services that are required to be addressed at the time of NOFA application and the services required by the time of construction loan closing.

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 issues are addressed to the LACDA's reasonable satisfaction.

The LACDA is partnering with DHS, which administers the Housing for Health program, for the provision of supportive services to homeless Special Needs tenants. Projects seeking to serve eligible homeless Special Needs populations must utilize a Lead Service Provider that is either a DHS-approved ICMS provider with an active work order or has begun DHS's [Request for Statement of Qualifications for Supportive Housing Services](#) process. Contact Christin Doyle at DHS for more information: CDoyle@dhs.lacounty.gov.

DHS will fund ICMS for homeless Special Needs units at a rate of \$450/door/month for individuals and \$600/door/month for families. The LACDA is in the process of updating allowable supportive services costs that may be paid from project cash flow, which are in addition to or supplement services funded by DHS for units designated or reserved for a homeless population.

Until guidelines defining allowable levels of expenditure above Measure H services provided to the project by DHS are final, if project cash flow includes a supportive service expense line item, the project sponsor must identify what services are funded by DHS through Measure H, what services are proposed for payment through project cash flow, and the reason these additional supportive services are needed. The LACDA, in its sole discretion, will determine the reasonableness of these costs. See the Supportive Services Criteria Supplemental Document and the application's budget template for detailed information on allowable costs.

The Lead Service Provider may be the applicant's own personnel, or a third-party contractor and applicants may use either the same agency or separate agencies to serve as the Lead Service Providers for the Special Needs and general affordable units.

3.9 ARCHITECTURAL DESIGN REQUIREMENTS

All projects must meet minimum building code requirements, construction standards defined by the latest CTCAC Regulations, and the LACDA's Architectural Design Requirements. 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 after initial project review and evaluation. Project sponsors must use contracts produced by The American Institute of Architects (AIA) for architectural services.

4 LOAN TERMS

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 CAPITAL FUND LOAN TERMS

All capital 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.

The LACDA may include in project financing multiple funding sources but will consider the sources to be one 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.

4.2 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 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, the LACDA will collect an annual compliance-

monitoring payment for each project in the amount of \$7,150, 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 the 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 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 - .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)

For further information, questions related to the LACDA's bond processes should be sent to mfbonds@lacda.org.

4.3.3 MATERIAL CHANGE

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, development team, lead developer or joint developer structure, ownership, financing structure, supportive services, 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. Applicants must request and receive the LACDA'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, a fee of \$5,000 (Administrative Fee) 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 the 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 the 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 negotiated and 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, a non-refundable deposit of \$5,000 will be due upon written notification to the LACDA of the requested modification. The applicant 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 applicants' 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. 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, 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.

5 SCORING AND EVALUATION CRITERIA

Applications that pass Threshold Review 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.

Available funding will be evenly distributed across Los Angeles County Supervisorial Districts. Applications will be sorted by Supervisorial District and scoring will then be used to determine the order of project awards. 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 average costs shown in other applications.

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 homeless units in a project.

APPLICATION SCORING SUMMARY (MORE DETAIL FOUND IN SECTIONS 5.1 – 5.4)		
Category	Max. Points	Scoring
Financing		
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 receive full points.
Committed Rental Subsidies for Special Needs Units	30	Projects in unincorporated LA County or LACDA Section 8 participating jurisdiction that are applying for rental assistance through this NOFA will receive full points.
Development Team		
Developer Experience – Affordable	50	See Section 5.2 for point allocation.
Managing GP Experience – Special Needs	25	
PM Experience – Special Needs	45	
Architect Experience	25	
Geography		
Unincorporated Los Angeles County projects and projects developed on County-owned land	100	
Incorporated jurisdictions outside of the City of Los Angeles	75	
Readiness		

All other project funding is committed	75	NOFA funds and/or tax credits is/are the only remaining funding needed.
Entitlements for project are complete, or project can be developed by-right	75	Evidenced by completed entitlements or a zoning verification letter.
County Priorities		
The project is supported by the County's Affordable Housing and Sustainable Communities workgroup or the project is receiving other County support	150	County support does not include prior NOFA funding.
The project is located in a high or highest resource area (see map)	100	
The project is located in an identified area of displacement (see map)	100	
Project size - 1 point for each affordable housing unit in the project	65	Excludes units reserved for the onsite manager.
Bonus Points - Project Type		
Special Needs project	100	The project provides either 49% of project units or 50 units that are reserved for a Special Needs population (excludes manager's unit).
MAXIMUM APPLICATION POINTS	1,000	

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 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 receive full 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 developer or turnkey builder with adequate financial capacity and a successful track record of developing projects serving similar tenant populations and of similar scale as the proposed project. The 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 either the Lead or Joint Developer with affordable, rent-restricted, and special needs projects. Qualifying projects must be in operation for over three (3) years. 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 = 30 points
- 7 or more projects in service more than 3 years = 50 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 or Joint Developer entity that is receiving experience points must be identified in the application. Applicants shall not use a partnership name, or other designations in the application materials.

If the project lists co-Developers, experience points will be awarded based on the most experienced member.

5.2.2 MANAGING GENERAL PARTNER EXPERIENCE - SPECIAL NEEDS

The Managing General Partner is the entity that will bear day-to-day ownership responsibilities for the project. Qualifying projects must be in operation for over three (3) years. If an applicant seeks points for projects previously owned by the 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 the experience of the Managing General Partner with affordable, rent-restricted projects that include targeted Special Needs units, as follows:

- 3 projects in service more than 3 years = 15 points
- 4 or more projects in service more than 3 years = 25 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 dedicate at least 10% of its units to a Special Needs population, as defined in this NOFA, with the restriction reflected in a recorded regulatory agreement.

If the project lists co-Managing General Partners, experience points will be awarded based on the most experienced member.

5.2.3 PROPERTY MANAGEMENT EXPERIENCE - SPECIAL NEEDS

The applicant team must include property management staff with experience in managing at least two (2) projects with similar tenant populations, as determined by the LACDA is its sole discretion, and of similar scale as the proposed project to qualify. The property manager may be the applicant’s own personnel, or a third-party contractor. For scoring purposes, qualifying projects must be over 10 units in size and dedicate at least 10% of its units to an eligible Special Needs population, with the restriction reflected in a recorded regulatory agreement.

Points will be awarded based on the experience of the Property Management Company with affordable rent-restricted projects that include Special Needs units, as follows:

- 2-3 Special Needs projects managed over 3 years = 30 points
- 4 or more Special Needs projects managed over 3 years = 45 points

5.2.4 ARCHITECT EXPERIENCE

The project’s architect of record 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 = 12 points
- 5-9 projects = 18 points
- 10 or more projects = 25 points

DEVELOPMENT TEAM EXPERIENCE SUMMARY	
No. of Projects	Available Points
Developer – Affordable	
0-2	Ineligible
3-6	30
7+	50
Managing General Partner – Special Needs	
0-2	Ineligible
3	15
4+	25
Property Management – Special Needs	
0-1	Ineligible
2-3	30
4+	45
Architect	
0-1*	Ineligible

2-4	12
5-9	18
10+	25

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

5.3 GEOGRAPHY

Projects will be awarded points based on the location of the property, as follows:

- Projects located in Unincorporated Los Angeles County and projects developed on County-owned land (regardless of jurisdiction) will be awarded 100 points.
- Projects located in incorporated jurisdictions outside of the City of Los Angeles will be awarded 75 points.

5.4 COUNTY PRIORITIES

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

- Projects that are supported by the County’s Affordable Housing and Sustainable Communities workgroup or that are receiving other County support, such as funding awards made outside of this NOFA, development rights secured through another solicitation process, or other support (excluding prior NOFA funding). Projects meeting these criteria will be awarded 150 points.
- Projects located in high or highest resource areas will be awarded 75 points 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 mapping application at: <https://lacounty.maps.arcgis.com/apps/instant/lookup/index.html?appid=f9e9273abee14d7e8d339bf4737e0c54> to identify scoring for 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, as well as demographic and economic data at the census tract level, to assess risk of residential instability. See the mapping application at: <https://lacounty.maps.arcgis.com/apps/instant/lookup/index.html?appid=f9e9273abee14d7e8d339bf4737e0c54> to identify scoring for projects.
- 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.

5.5 PROJECT TYPE – BONUS POINTS SPECIAL NEEDS PROJECT

- Projects that reserve 49% or more of the total units or 50 units (excluding any manager’s unit) for a Special Needs population will be awarded 100 points.

6 UNDERWRITING

6.1 FINANCIAL FEASIBILITY

Proposed projects must demonstrate financial feasibility for both development and operations, assuming the LACDA’s underwriting standards 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 industry standards.

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

6.2 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.

TABLE 6.2 - Minimum Operating Expenses			
Project Size	Family Units	Senior Units	Special Needs Units
Up to 50 units	\$6,700	\$5,800	\$7,700
51+ units	\$6,600	\$5,700	\$6,800

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

- 1) Replacement/operating reserve deposits
- 2) Debt service
- 3) Supportive services
- 4) Asset management fee
- 5) Partnership management fee
- 6) Deferred developer fee

6.3 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.

6.4 PROJECT-FUNDED RENTAL SUBSIDY

Projects that propose to rely on a project-funded 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 at 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.

6.5 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.

6.6 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 at the project.

7 ADMINISTRATIVE PROVISIONS

7.1 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.

7.2 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.

7.3 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.

7.4 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.

7.5 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 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.

7.6 OTHER FUNDING APPLICATIONS BY NOFA APPLICANTS

The LACDA reserves the right to request any funding applications submitted by NOFA applicants to other funding sources. 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.

7.7 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.

7.8 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.

7.9 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.

7.10 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."

7.11 PREVAILING WAGES

7.11.1 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.

7.11.2 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.

7.12 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.

7.13 CONSTRUCTION SIGNAGE

Projects receiving funding through this NOFA must acknowledge this assistance with signage 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.

7.14 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.

7.15 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 subordinate to other project financing. Applicants are encouraged to discuss this with other project finance partners early in the project lifecycle.

7.16 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.

7.17 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. Applicants will be required to address all deficiencies identified during the application scoring 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.
- 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.

7.18 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.

7.19 LOCAL AND TARGETED WORKER HIRING PROGRAM

All projects must utilize 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.

LOCAL RESIDENT

Local Resident hiring uses a two-tiered preference system.

A ***Tier 1 Qualified Local Resident*** is defined as a County resident whose primary residency is:

- 1) Within five (5) miles of the proposed project site; and
- 2) 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:

- 1) Within a qualifying Zip code; and
- 2) That qualifying Zip Code is beyond five (5) miles of the proposed project site.

A **qualifying Zip Code** is defined as a Zip Code within the County of Los Angeles, where either:

- 1) 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
- 2) The Zip Code is one of 11 additional Zip Codes determined by the Board 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.

A 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.

TARGETED WORKER

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

1. Has a documented annual income at or below 100 percent of the Federal Poverty Level;
2. Has no high school diploma or GED;
3. Has a history of involvement with the criminal justice system;
4. Is experiencing protracted unemployment (receiving unemployment benefits for at least 6 months);
5. Is a current recipient of government cash or food assistance benefits;
6. Is homeless or has been homeless within the last year;
7. Is a custodial single parent;
8. Is a former foster youth;
9. 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]);
10. Is an eligible migrant and seasonal farmworker;
11. Is currently an English language learner;
12. Is an older Individual (55+);
13. Is disabled; or
14. Is an individual with a low level of literacy.

LOCAL AND TARGETED WORKER PROGRAM REQUIREMENTS

From time to time, the Local and Targeted Worker Hiring Program may be updated or amended by the Los Angeles County Board of Supervisors and/or Chief Executive Office. 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 Target Worker, should the contractor require assistance. Additional Community Service Providers may be used by contractors and subcontractors to identify local residents and Targeted Workers.
 1. Los Angeles County Workforce Development, Aging, and Community Services: <https://wdacs.lacounty.gov/>
 2. LA Jobs: <https://www.jobsla.org/vosnet/Default.aspx>
 3. Cal Jobs: <https://www.caljobs.ca.gov/vosnet/Default.aspx>
 4. Helmets to Hardhats: <https://helmetstohardhats.org/>
 5. 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.

8 DEFINITIONS

1. "Application" means a request for funds that will be used for costs associated with Assisted Units that will house an eligible target population.

2. "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.
3. "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.
4. "Developer" or "Applicant" or "Project 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 or Applicant or Project Sponsor may be organized for profit, limited profit or be nonprofit, and includes a limited partnership in which the Developer or Applicant or Project Sponsor or an affiliate of the Developer or Applicant or Project Sponsor is a general partner.
5. "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 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.

6. "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.
7. "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.
8. "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.
9. "HUD" means the federal Department of Housing and Urban Development.
10. "Homeless" means the definition used by HUD at the time of application and/or lease up of an identified unit.
11. "Housing First" has the same meaning as in Welfare and Institutions Code Section 8255, including all of the core components listed therein.
12. "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".
13. "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.
14. "Scattered Site Housing" means a Rental Housing Development that includes noncontiguous parcels. The requirement of this shall be interpreted in a manner consistent with the requirements of 25 CCR Section 8303 (b) pertaining to Scattered Site Housing. Scattered Site Housing is permitted provided that the following conditions are all satisfied prior to the closing of the loan:

- a. All Project sites in the Rental Housing Development must have a single owner and property manager;
 - b. All Project sites shall be governed by one set of program documents, which among other things, shall include similar tenant selection criteria, serve similar tenant populations and have similar Rent and income restrictions;
 - c. If the Rental Housing Development has project-based rental assistance, there shall only be one contract for all sites in the Project;
 - d. There may be at most one lender with required payments senior to the LACDA's loan;
 - e. There must be a single audit and annual report that covers all Project sites;
 - f. The Sponsor's obligations must be secured by all Project sites; and
 - g. The LACDA must be named on insurance policies covering all Project sites, with coverage meeting LACDA requirements.
15. "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.
16. "Survivors of Domestic Violence/Human Trafficking" - a survivor of domestic violence, pursuant to California Penal Code 13700, is a person 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.
17. "CTCAC" means the California Tax Credit Allocation Committee.
18. "Total Development Cost" means the sum of all eligible development costs associated with the acquisition, design, construction, or rehabilitation.
19. "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.
20. "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.

9 SIGNIFICANT CHANGES

The LACDA's NOFA is modified each year to account for changes in the housing industry, modifications to California Tax Credit Allocation Committee regulations, 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 specific 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.

Section 3.1.2 – Project Funding Amounts

Added that projects proposing 3-bedroom units for 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.

Section 3.8 – Supportive Services Plan

The LACDA is in the process of updating allowable supportive services costs that may be paid from project cash flow, which are in addition to or supplement services funded by DHS for units designated or reserved for a homeless population. Until guidelines defining allowable levels of expenditure above Measure H services provided to the project by DHS are final, if project cash flow includes a supportive service expense line item, the project sponsor must identify what services are funded by DHS through Measure H, what services are proposed for payment through project cash flow, and the reason these additional supportive services are needed. Once this update is final, the changes will be retroactive to apply to projects funded through this NOFA.

Section 3.9 – Architectural Design Requirements

Added that project sponsors must use contracts produced by The American Institute of Architects (AIA) for architectural services.

Section 4.3.4 Changes to Standard Loan Documents

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

Section 5 – Scoring and Evaluation Criteria

- Reduced scoring for the following:
 - Committed permanent public funds from 100 points to 60 points.
 - Operating support for special needs units from 60 points to 30 points.
- Increased scoring for the following:
 - Projects located in incorporated jurisdictions outside of the City of Los Angeles from 50 points to 75 points.
- Removed scoring for General Partner and Property Manager experience relative to affordable housing developments.
- Added scoring for the following County priorities:
 - 150 points for projects supported by the County's Affordable Housing and Sustainable Communities workgroup or the project is receiving other County support.

- Up to 100 points for projects located in a high or highest resource area.
- Up to 100 points for projects located in an identified area of displacement.
- 75 points for projects that have all other project funding committed (LACDA funds and/or tax credits only remaining funding needed).
- 75 points for projects that are entitled or can be developed by-right.
- 1 point for each affordable housing unit in the project, up to 65 points.
- Removed project cost from consideration of meeting County housing goals. However, the LACDA reserves the right to remove a project from funding consideration if the per unit cost exceeds 125% of the average costs shown in other applications.

Section 6.3 – Partnership Management Fee

The annual Partnership Management fee has been increased from \$15,000 to \$25,000.