



## LOS ANGELES COUNTY DEVELOPMENT AUTHORITY NOFA ROUND 26 **AMENDED** TERM SHEET

The Los Angeles County Development Authority (LACDA) is preparing to release Notice of Funding Availability (NOFA) Round 26, which will provide capital funding, Section 8 Project-Based Vouchers (PBVs), and Project-Based Veterans Affairs Supportive Housing (PBVASH) Vouchers for the creation and operation of eligible permanent affordable multifamily rental housing units.

Amended information is identified in **RED** font below.

### **Available Capital Funds**

- Up to a total of approximately \$105,200,000 comprised of the following:
  - Up to \$46,000,000 in Affordable Housing Trust Funds (AHTF). Units must be reserved for qualifying Special Needs populations.
  - Up to \$9,200,000 in AHTF for qualifying affordable housing preservation projects.
  - Up to \$50,000,000 in No Place Like Home (NPLH) funds. NPLH funds are administered by the LACDA in cooperation with the County of Los Angeles Department of Mental Health (DMH).

### **Available Rental Assistance**

- Up to a total of 600 PBVs/PBVASH Vouchers are available to projects only within LACDA's jurisdiction. Projects must apply for and be awarded LACDA capital funds to qualify for rental assistance, with one exception, noted below.



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The following types of rental assistance are only available to projects that also receive a capital award:

- A combined total of up to 400 PBVs and PBVASH Vouchers, allocated to meet demand. These vouchers are only available to Special Needs and/or NPLH units funded by the LACDA.
- Up to 100 PBVs available for eligible affordable housing preservation projects.

The following rental assistance may be available for projects without a capital award:

- Up to 100 PBVASH Vouchers.

If not fully utilized in the stated set-asides, the LACDA may reallocate PBVs/PBVASH Vouchers, as needed to meet demand. PBVASH Vouchers may be awarded to projects without a capital award based on availability, as projects requesting a combined award of capital and rental assistance will be prioritized.

### **Eligible Applicants**

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

Applicants may submit one application for a project **funded with AHTF** in the City of Los Angeles in which they are the Lead Developer. There is no restriction on the number of projects per Developer outside of the City of Los Angeles. **There is no restriction for the number of projects per developer in the City of Los Angeles if those projects only seek NPLH funds.**

### **Eligible Project Types & Requirements**

The following project types are eligible:

- **Tax Credit Projects:** 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.
- **Non-Tax Credit Projects:** 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.
- **Preservation Projects:** Projects must be at least 25 units in size, in operation for more than 15 years, and must demonstrate that residents are at imminent risk of economic displacement. Priority will be given to projects with an affordability regulatory agreement covering at least 50% of the units and expiring within the next ten years. Preservation projects may request capital funds, rental assistance, or both. Units must house seniors or tenants that were considered a Special Needs population upon initial lease-up and meet NOFA acquisition/rehabilitation requirements, if funding is requested. Priority will be given to projects that will make applications to the California Tax Credit Allocation Committee (CTCAC) and/or the California Debt Limit Allocation Committee (CDLAC) in time to close construction financing in the 2021 calendar year. Any resident turnover of units assisted with PBVs must be reserved for an eligible Special Needs population and restricted to

30% of AMI.

- NPLH Projects: Units must be reserved for permanent multifamily supportive housing for persons who meet NPLH eligibility criteria. For projects that seek NPLH funds, the County of Los Angeles Department of Mental Health must approve the number of units set aside for NPLH-qualifying residents.

All eligible project types must meet the following requirements:

- Projects must be located entirely within Los Angeles County.
- 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.
- If any 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. An example of a suitable use within the 500-foot freeway buffer is a parking lot. The LACDA shall review and approve, at its sole discretion, any site plans for developments of this type.
- 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.
    - Complete, at a minimum, \$40,000 in hard construction costs per unit.
    - Provide new affordable units to the housing stock. Projects with existing affordability covenants are not eligible (excluding Preservation projects), unless the covenants are expiring within five (5) years of the NOFA application due date.
    - Not displace low-income households, or remove low-income units from the housing stock, unless the project provides for a two- (2) for-one (1) unit replacement.
- Projects seeking capital funds must not have commenced construction. Projects only seeking PBVASH Vouchers may be in predevelopment or be completed (but not in construction).
- Projects must adhere to the County’s local hire provisions.
- Projects that propose or implement a local preference will not be eligible for funding. An exception to this prohibition may be made for projects in jurisdictions with their own Continuum of Care.

### **Target Populations**

Special Needs households:

- NPLH\*

- Homeless with a Mental Illness
- HIV / AIDS
- Intellectual and Developmental Disabilities
- Transition Age Youth
- Homeless
- Homeless Seniors
- Chronically Homeless
- Homeless Veterans
- Survivors of Domestic Violence/Human Trafficking

\*Includes adults with serious mental illness and transition age youth or children with severe emotional disorders and their families who are homeless, chronically homeless, or at risk of chronic homelessness. At risk of chronic homelessness includes persons with a mental illness who are exiting institutionalized settings, such as a hospital or jail, with a history of homelessness prior to institutionalization, and transition age youth experiencing homelessness or with significant barriers to housing stability, including one or more convictions and history of foster care or involvement with the juvenile justice system.

### **Affordability Requirements**

Special Needs and NPLH: Units must be restricted to households earning at or below 30% of AMI. Except for NPLH units, income targeting may be as high as 35% of AMI with reasonable justification provided by the applicant and approved by the LACDA for general Special Needs units.

Preservation Projects: Units must be restricted to households earning at or below 50% of AMI, with turnover units restricted to no more than 30% of AMI.

### **Funding and Geographic Restrictions**

The LACDA may provide separate funds for eligible projects based on the target populations and/or geographic area. The LACDA reserves the right to allocate funding sources at its discretion, including incorporating federal HOME funds into eligible projects. AHTF may be combined with NPLH funds, up to the stated maximums, based on availability.

Maximum Funding Per Project:

#### **AHTF**

- Projects outside of the City of Los Angeles: \$5,000,000
- Projects within the City of Los Angeles: \$2,000,000
- Preservation Projects: \$1,000,000

#### **NPLH**

- All projects, regardless of jurisdiction within the County of Los Angeles: \$7,000,000

#### **Stacking**

Except for Preservation projects, the use of AHTF and NPLH on the same units (stacking of funds) is permitted. If stacking of funds is proposed for any unit in the project:

- Maximum subsidy outside of the City of Los Angeles: \$10,000,000
- Maximum subsidy within the City of Los Angeles: \$7,500,000

If AHTF and NPLH funds are used to finance different units, with no stacking of funds, then the

maximum funding from both sources may be requested.

<b>CAPITAL FUNDS</b>			
Fund Type	Target Population	Eligible Geography	Maximum Subsidy Per Project
Affordable Housing Trust Funds	Special Needs	LA County	\$5,000,000 in areas outside of the City of Los Angeles or on County-owned land. \$2,000,000 in the City of Los Angeles. Funds are allocated on a per-unit basis for eligible assisted unit types.
Preservation (Affordable Housing Trust Funds)	Special Needs & Seniors at no greater than 50% of AMI	LA County	\$1,000,000 (may not be combined with any other NOFA funding source). Funds are allocated on a per-unit basis for eligible assisted unit types.
No Place Like Home Funds	No Place Like Home Residents	LA County	\$7,000,000 for any project, with no geographic restrictions. Funds are allocated on a per-unit basis for eligible assisted unit types.

<b>CAPITAL FUND SUBSIDY LIMITS</b>	
Number of Bedrooms	Maximum Per Unit Subsidy
Studio	\$140,000
1	\$150,000
2+	\$160,000

<b>PRESERVATION FUND SUBSIDY LIMITS</b>
\$100,000 Per Unit

<b>RENTAL ASSISTANCE</b>			
Type of Funds	Target Population	Eligible Geography	Maximum Subsidy Per Unit
PBVs	Special Needs at 30% of AMI	Unincorporated LA County or Participating Jurisdiction	As specified by LACDA Section 8 payment standards
PBVASH Vouchers	Homeless veterans & their families at 30% of AMI		
Preservation PBVs	Special Needs & Seniors at no greater than 50% of AMI		

**Key Threshold Requirements**

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

The following are key minimum threshold requirements that applicants and projects must meet to be considered for technical scoring:

- **Lead Developer:** Must have completed a minimum of three (3) affordable rental housing projects that have been in operation for at least three (3) years.
- **Lead Supportive Services Provider:** Must have a minimum of 12 months of experience in providing services to the project’s Special Needs population in at least one (1) housing-setting project. If the Lead Supportive Services Provider does not have experience serving the proposed Special Needs population, the applicant must justify how the prior experience serving other Special Needs populations in a housing setting is transferrable to the proposed population.
- **Supportive Services:** The Supportive Services Plan must address adequate service provision to all project populations not covered by the Veterans Administration, DMH, or the Los Angeles County Department of Health Services.
- **Property Manager:** 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.
- **Design:** The project architect must have completed at least two (2) affordable multifamily rental housing projects of the type currently being proposed (new construction or rehabilitation). All projects must meet the LACDA’s Design Requirements.
- **Compliance:** Applicants must be in compliance with all regulatory agreements with the LACDA and requirements of other governmental entities or permitting agencies. The LACDA retains sole discretion to approve or reject applicants based on past performance.
- **Cash Flow:** Must demonstrate positive cash flow for 20 years and, at application, elements of the cash flow statement must generally adhere to the LACDA’s underwriting guidelines.
- **Affordability:** All units funded by the LACDA must target households earning at or below 30% of AMI for Special Needs and NPLH units, or 50% of AMI for preservation units, except as noted in Affordability Requirements.

All applicable checklist items must be submitted in the NOFA application for a project to be considered for award of funds by the LACDA.

### **Key Technical Scoring Categories**

The following are the general categories that will be used to score applications.

- Committed Public Financing: Ratio of committed capital funds from public agencies to total development costs.
- Committed Operating Subsidy: Ratio of Special Needs units with committed operating subsidy to total Special Needs units.
- Applicant Team Experience:
  - In addition to meeting the minimum threshold experience, the Lead Developer will be scored based on additional completed Special Needs and affordable rental housing projects.
  - In addition to meeting the minimum threshold experience, the Lead Supportive Services provider will be scored based on additional years of experience serving the proposed Special Needs population in a housing setting.
  - In addition to meeting the minimum threshold experience, the property management company will be scored based on experience managing Special Needs and affordable rental housing projects.
  - In addition to meeting the minimum threshold experience, the Architect of Record will be scored based on experience with affordable rental housing projects of the type proposed (new construction or rehabilitation).
- Supportive Services:
  - Supportive services will be evaluated on a Pass/Fail basis.
  - A Pass rating will be awarded to Supportive Services Plans that appropriately complete address the service criteria for the population(s) the project will serve, which will be defined in the NOFA. The Plan must include a detailed description of each service and identify the provider. For mixed population projects, there must be clear distinction between the staffing resources and services allocated to each population.
  - Those projects that receive a Pass rating may also be issued a Final Conditions List detailing sections of the Supportive Services Plan that must be revised prior to release of any loan funds. It is anticipated that most projects receiving a Pass rating will also be issued a Final Conditions List.
- Design: Projects will be evaluated on a Pass/Fail basis. Projects will be assigned a rating of Pass if they generally adhere to the LACDA's Design Requirements.
- Geography: Points will be awarded, in descending amounts, for projects located in: 1) Unincorporated Areas of Los Angeles County and then 2) Areas outside of the City of Los Angeles.
- Affordable Housing and Sustainable Communities (AHSC) Projects: Projects that have been approved for participation in the County of Los Angeles AHSC readiness program and are receiving technical assistance through this program will be prioritized.

- Special Needs Project: Points will be awarded to projects in which at least 49% of total units are set aside for Special Needs Households. DMH approval is required before projects may exceed the 49% threshold for NPLH units.
- In addition to the NOFA application score, the LACDA will determine project funding by taking into account, in descending order, the following factors: whether a project is supported by the County's Affordable Housing and Sustainable Communities workgroup using County-owned land, or is part of a County-supported effort; the geographic distribution of applications (by Service Planning Area or Supervisorial District); location in an identified area of displacement; project cost on a per-unit basis; the total number of units being produced; the population served and percentage of units for each population type; the CTCAC/CDLAC tiebreaker/score; and the number of LACDA projects in application, predevelopment, or construction by the applicant.

Funding under this NOFA will be awarded on a competitive basis and the ability to meet County housing goals. The LACDA reserves the right in its sole discretion to modify any terms in this Term Sheet. This Term Sheet is issued to highlight general program goals and requirements. Full requirements and regulations will be included in the published NOFA.