



## NOTICE OF FUNDING AVAILABILITY (NOFA) FOR AFFORDABLE MULTIFAMILY RENTAL HOUSING, ROUND 26

### QUESTIONS AND ANSWERS UPDATE

**Issued on November 10, 2020**

The below questions were collected as part of the Los Angeles County Development Authority's (LACDA) NOFA Round 26 application process. The purpose of this document is to answer questions related to the criteria and means used for awarding funds for multifamily affordable rental housing projects.

The [first release](#) of Questions and Answers was issued on November 2, 2020.

Questions may have been edited for clarity. Answers are provided in [blue font](#).

#### Appraisal

1. Our original appraisal was done on September 13, 2017, and our first option to lease agreement was signed on July 16, 2018. We needed additional parcels to use as a parking lot for the development, so an updated appraisal to include the additional parcels was done on February 4, 2019, and an amendment to the 'Option to Lease' was signed on March 3, 2019. This was well within the 180-day requirement, however, the option to lease was slated to expire so an 'Amendment and Restated Option to Lease' was done on April 10, 2020, to extend the option. Will this satisfy the appraisal requirement?

[Yes.](#)

2. Section E.10 - Appraisal Requirements states that: "If the site was purchased, or if there is an agreement establishing the purchase price less than 12 months prior to the date the application is filed, the NOFA application must include a copy of a letter from the applicant to the seller" If the project has a long-term ground lease, is a letter to the seller still necessary?

[If the site is not being sold, a letter to the seller is not applicable.](#)



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3. The application states the appraisal must be within 30 days of signing a purchase agreement.
  - a) What if we had an appraisal completed at the time the six months requirement was in place that complies with the six-month requirement?

The appraiser can provide a letter stating that the value has not changed since the original appraisal.

- b) Does LACDA consider the date on the purchase contract to be the original execution date, or the date of the amendment?

The date on the purchase contract is considered to be the original execution date.

- c) In the case of a ground lease, where no purchase contract was applicable, how should projects evaluate their compliance with this condition?

The date of the ground lease should be used.

## Design

1. Do affordable transitional housing developments designed by the project architect count towards their point score?

The LACDA will review the architect's resume to determine their level of expertise in the multifamily project type to ascertain if they have substantial experience to be able to successfully complete a NOFA funded development.

2. The table on NOFA page 485 includes experience for the Lead Service Provider. Is this a typo as Section 3.1 contemplates only Property Management Experience or will there be additional points for the Lead Service Provider for the NPLH application only?

The section identifying that there will be scoring for the Lead Service Provider is in error. Lead Service Providers will not be scored.

## Submittals

1. Do we need to submit the affirmative marketing plan with this application or at a later date?

An Affirmative Marketing Plan must be included with the application.

2. On tab A.1 of the Excel application, must we list additional applications if all applications are outside City of LA?

Yes.

3. Can a project consist of multiple single-family homes & Accessory Dwelling Units (ADUs)? Our project will focus primarily on persons with intellectual/developmental disabilities (IDD).

This NOFA does not provide funding for single-family homes or ADUs. This NOFA is for multifamily rental housing projects only.

4. Can the Tenant Selection Plan be part of the Project Management Plan? Or are you looking for a separate document?

The Tenant Selection Plan can be made part of the Project Management Plan if both components are clearly identified and readily accessible.

5. Under “Supportive Services Criteria,” when it asks for a form agreement between project sponsor and the lead service provider, will an MOU between the two entities be sufficient?

A formal agreement or commitment letter must be signed and include: a description of services to be provided, location of where services will be provided, the day and hours and the duration of the agreement. For more information see Supplemental Document 3-Supportive Services.

6. Is there a template that LACDA would like us to use for I.4 Certification of Amenities Map and B.16 Justification for TDC Exceeding \$500k/unit? Will a letter from the applicant suffice?

There is no preferred template for the Certification of Amenities Map.

A letter from the applicant is acceptable for the justification of per unit costs.

## Scoring

1. Per Section 5.3 of the NOFA, AHTF-only applications in the City of LA get no Geography points. Per Amendment No. 1 if the project requests NPLH Funds, it will get full geography points even if it's in City of LA. Can 2019 NPLH units be swapped for a 2020 NPLH unit in order to get full geography points?

Projects can return previous LACDA NOFA awards and apply for NPLH and AHTF funds during this NOFA but an award is not guaranteed. Past awards cannot be used in the current NOFA for point scoring purposes.

2. Some projects have existing NPLH awards and are now planning to apply for AHTF funding. If those projects are in locations that do not qualify for full geography

points but have an NPLH award, will the existing NPLH funds be sufficient to award the full 100 geography points per NOFA Addendum #1?

Past awards do not qualify a project for geography points through the current NOFA.

3. Please clarify how the new loan limits apply to projects with an existing award that plan to apply for funding from the other LACDA source. For example, is a City of Los Angeles project with a \$10 million NPLH award still eligible to apply for \$2 million from AHTF if some of the units will be stacked?

Existing awards will be taken into account for the purposes of maximum project awards through this NOFA. In the example given, stacking units would remove eligibility for \$2 million in AHTF.

4. How will LACDA treat applications that request both AHTF and NPLH funds if one pot or the other is depleted by the time the project is reached in the ranking? Will LACDA award requested funds that remain and simply not fund the portion from the depleted source?

The LACDA will look at the feasibility of the project as a whole and if the project is viable with one source of funding.

5. If our site is on publicly-owned land that we ground-lease for a de minimis price, may we count the appraised value of the land as non-LACDA committed permanent public funds, as the State frequently allows?

Yes, the appraised value of the land will be treated as donated or committed public funds.

## Cashflow

1. NPLH & AHTF funds are used, should residual receipts and Flexible Operating Reserve be split accordingly based off the capital amounts requested?

Yes, the Flexible Operating Reserve should be sized as a pro rata share of residual receipts for the NPLH portion of the loan.

2. On the Cash Flow page for the LACDA Pro Forma, there doesn't appear to be a line item for the Flexible Operating Reserve for NPLH funds. Should we add that item in the Residual Receipts?

If a project will be accessing the Flexible Operating Reserve option, this should be added into the cash flow statement directly before residual receipts, after any payment of deferred developer fee.

3. If an applicant is purchasing publicly owned land that has an existing public parking lot and the proposed project is replacing the parking using funding from the City, for the scoring/tiebreaker, can the cost of the replacement parking be removed from the TDC per unit calculation?

The TDC per unit calculation will include all costs in the development budget.

## Environmental

1. For the CEQA checklist, MND, can you please clarify the following item: "Notice of public review with County Clerk Notice of Intent"? We are not clear what this is asking for?

For a Mitigated Negative Declaration (MND), a notice of intent informs the public that an agency intends to adopt an MND for a project and the MND is available for public review and comment. Notices are filed with the County Clerk and published in newspaper of general circulation.

2. If the project already has NEPA clearance, however, intends to apply for project based vouchers, is the Environmental Service Request required to be filled out and submitted with the application?

Yes, the Environmental Service Request is used for the NEPA clearance required relative to the use of LACDA-issued Section 8 rental assistance.

3. For ministerial projects not needing to perform CEQA, if we receive documentation from City Planning confirming the project is ministerial and has all the needed information (i.e. project name, project site address, project description, and planning finding), will we be able to mark 'yes' under the 'Property' tab for the question regarding CEQA Approval?

Yes. The LACDA team will contact the developer if additional documentation is needed.

4. Under Zoning Verification, is a zoning letter enough or do we need a signed PZA?

Please provide all planning documents that provide evidence of zoning verification.

## NPLH

1. What do we do if we have not received our Approval Letter from DMH to Exceed 49%?

The Department of Mental Health is reviewing requests and will provide an update as soon as they can. Please contact Reina Turner for information: [RTurner@dmh.lacounty.gov](mailto:RTurner@dmh.lacounty.gov).

2. Would the County of Los Angeles / Department of Mental Health consider an extension for projects requesting NPLH funds in excess of 49%?

The deadline to request NPLH units in excess of 49% has passed and extensions will not be provided.

3. NPLH limits funding to 49% of the total units on the project. Is the project allowed to round up if the number is above .5?

Yes, fractional units should be rounded up at .5 unit.

4. Are Transition Aged Youth (TAY) residents classified as homeless populations and are they eligible for NPLH financing?

TAY residents are classified as Special Needs population. TAY residents may be homeless, but do not have to be homeless to qualify. If the applicant plans to provide TAY units, the population must meet the Welfare and Institution Code 5600.3 to be eligible for an NPLH-assisted unit.

5. What section should the PBVASH Letter of Support (NOFA Page 62) be uploaded as it's not included on the application checklist?

Please include the PBVASH Letter of Support under K.1 Supplemental Application for PBV/PBVASH.

6. The FAQ noted that AHTF and NPLH can only be allocated to Special Needs units, however, under the NOFA 3.2 Special Needs Target Population lists general "Homeless Households" as an Eligible population?

Homeless households are considered a "Special Needs" population under this NOFA.

7. It is my understanding that DMH needs to approve projects with over 49% NPLH, if a project is under 49% then no approval is needed. On the 'Statement of Eligibility', how should we answer the question regarding DMH approval if our project does not need it because it is under 49% NPLH?

Correct, if a project is requesting under 49% NPLH units then an approval is not necessary. In the Statements of Eligibility, you should select "yes".

## Organization

1. For which entities do we need good standing certificates? If we have a limited partnership that owns the property, and 2 general partners, do we need 3 GS certificates? How about if the LLC is being formed?

A certificate of good standing should be provided for all project partners.

2. Which entities need to submit their Equal Opportunity Employment policy statement?

Each entity that comprises the applicant should submit the statement.

3. We are a private consulting firm, specializing in commercial/multifamily construction. Do we need to be licensed GCs or can we joint venture with one to be a qualified builder?

The project should have a licensed General Contractor as part of the project. The General Contractor can be a contracted entity.

4. On Form 4506, we are assuming LACDA wants the tax returns sent to them. What should be entered in the section that asks: "If the tax return is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number"? If an applicant is submitting a tax return with Form 4506, should the applicant submit that form to the IRS and provide LACDA with a copy? Or does LACDA want the application to include Form 4506 plus the check to the United States Treasury so that LACDA can submit the form to the IRS itself?

The LACDA will submit to the IRS. Please submit copies of filed income tax returns for the most recent two years and a completed IRS Form 4506.

## Lead and Asbestos

1. If no construction has taken place on existing buildings, can the updated Lead & Asbestos Report within 180 days be waived? Can reports less than 24 months old be used?

Yes.

2. Please confirm costs related to Lead & Asbestos for buildings constructed before 1978 do not need to be reflected on the appraisal, only major environmental issues, e.g., soils contamination, are required to be assessed against value.

Correct, lead and asbestos do not need to be reflected on the appraisal.

### Other

1. Does "receipt of funding commitment" refer to date of LACDA award recommendation or date of final approval by Board of Supervisors obtained just prior to accessing funds?

Final approval by the Board of Supervisors. The LACDA is only able to provide a commitment letter once the Board of Supervisors approves the project.

2. If we are doing strictly homeless, are we required for market rate housing.

Including market rate housing in a project is not a requirement of this NOFA.