

**CITY OF LOS ANGELES
LOS ANGELES HOUSING DEPARTMENT**

**AFFORDABLE HOUSING MANAGED PIPELINE
PROGRAM REGULATIONS, POLICIES, AND PROCEDURES**

NOTICE OF FUNDING AVAILABILITY

September 15, 2022

AFFORDABLE HOUSING MANAGED PIPELINE REGULATIONS

TABLE OF CONTENTS

	INTRODUCTION	1
	TIMELINE	2
SECTION 1	GENERAL PROVISIONS	3
SECTION 2	THRESHOLD REQUIREMENTS	18
SECTION 3	UNDERWRITING, COST, AND PRICING GUIDELINES	35
SECTION 4	APPLICATION PROCESS AND REQUIREMENTS	44
SECTION 5	SELECTION CRITERIA	46
SECTION 6	PROJECT READINESS AGREEMENTS	60
SECTION 7	PROJECT READINESS	61
SECTION 8	PIPELINE ORDER ENFORCEMENT AND CALENDAR	73
SECTION 9	RELATIONSHIP BETWEEN SET-ASIDE & GEOGRAPHIC PROJECTS	77
SECTION 10	OTHER CITY-ADMINISTERED RESOURCES	79
	THRESHOLD CHECKLIST	80
	EXHIBIT LIST (documents are posted on AHMP’s web page)	
Exh_01	LAHD Architectural Guidelines <i>(revised)</i>	
Exh_02	Planning Department CEQA Process	
Exh_03	HUD Section 3 Requirements	
Exh_04	Instruction for Completing Property Management Plan	
Exh_05	Guidance on CHDOs	
Exh_06	TOC Guidelines	
Exh_07	LAHD Land Use Fee Schedule	
Exh_08	Enhanced Accessibility Program	
Exh_09	Pet Policy	

Note: For Threshold Document Checklist, see the bottom of this document.

AFFORDABLE HOUSING MANAGED PIPELINE REGULATIONS

INTRODUCTION

The City of Los Angeles' goal, through the Affordable Housing Managed Pipeline (AHMP), is to create affordable housing for low and very-low income households within its boundaries. The purpose of these AHMP Regulations, Policies, and Procedures (AHMP Regulations) is to document the policies, rules and regulations governing the federal, state and local funding administered by the City of Los Angeles through the Los Angeles Housing Department (LAHD) to assist in the creation of affordable housing.

The housing created through the AHMP is intended to serve all populations identified by the California State Tax Credit Allocation Committee (CTCAC), the California Debt Limit Allocation Committee (CDLAC), the California Department of Housing and Community Development (HCD), and the U.S. Department of Housing and Urban Development (HUD). The housing created should not only provide additional housing opportunities, but should also attempt to revitalize neighborhoods and remove blight. Irrespective of the funding scenarios, all projects should seek to leverage limited City funding to the greatest extent possible.

These AHMP Regulations are intended to support the policies of the 9% Low Income Housing Tax Credit (LIHTC) Pipeline Management Plan, as revised.

Questions and Technical Assistance

All questions (including those regarding the AHMP Regulations, or the online system) must be submitted via the "Ask a Question/FAQ" function of the online NOTICE OF FUNDING AVAILABILITY application. This includes requests for any online technical assistance.

To ensure the fair and consistent distribution of information, all questions will be answered in the FAQ Section of the online application. **Questions will not be accepted via email, phone, or by any means other than the online application.** No individual answers will be provided. The FAQ page will be updated on a regular basis to ensure the prompt delivery of information.

Submittal Deadlines

NOTICE OF FUNDING AVAILABILITY ONLINE APPLICATION:

The deadline to submit applications is 11:59 p.m., on October 25, 2022

The application should include an electronic copy of schematic drawings or conceptual architectural plans (Attachment 2.16 of the online application).

Proposals will be accepted via the online Notice of Funding Availability application only (see Section 2.1). Any modification of forms and templates provided by LAHD is not allowed. Any application and other application-related documents submitted after the deadline will not be accepted for processing. All applicants are encouraged to file their applications as early as possible

to avoid the heavy internet traffic during the day of the application deadline. LAHD reserves the right to waive minor technical deficiencies in the application.

2022 LAHD AHMP REGULATIONS TIMELINE *

DESCRIPTION	Tentative Date*
LAHD Final Regulations posted	September 15, 2022
Open Notice of Funding Availability	September 22, 2022
Notice of Funding Availability Bidders' Conference	September 29, 2022
Notice of Funding Availability applications due by 11:59 p.m.	October 25, 2022
List of Applications and Self scores published	October 31, 2022
Appeals Process concluded	January 10, 2022
Final Scores and <u>AHMP</u> Transmittal Released to Mayor's Office	January 26, 2023

*** The Timeline is subject to change. Any modifications to the Timeline will be posted on the AHMP webpage.**

**SECTION 1
GENERAL PROVISIONS**

The LAHD, through this NOFA and the AHMP’s 9% LIHTC Pipeline Management Plan intends to solicit, evaluate, select, rank, project-manage and fund the new construction, rehabilitation and/or preservation of multi-family rental housing to address the needs of low and very-low-income households with its public funds and access to LIHTCs.

1.1 Funds Available and AHMP Master Calendar

On an annual basis, and as contained in the 9% LIHTC Pipeline Management Plan, the LAHD will make public a forecast of the estimated AHMP revenue available. The amount available for allocation will be determined by the availability of federal, State and/or local funding. Notice of Funding Availability Rounds will be released according to the AHMP Master Calendar as follows:

2022 AHMP Master Calendar

AHMP Year	Type of Deadline	CTCAC Application Year
CY 2022		
<u>April 2022</u>	Publish Draft LAHD Regulations	<u>2022-23</u>
<u>May 2022</u>	Public Comment Period	<u>2022-23</u>
<u>August 2022</u>	Council Approval of Regulations (applies to 1 st and 2 nd NOFA)	<u>2022-23</u>
<u>Sept. 2022</u>	1 st Notice of Funding Availability Opens	<u>2022-23</u>
<u>Oct. 2022</u>	1 st Notice of Funding Availability – Application Deadline	<u>2022-23</u>
<u>Jan. 2023</u>	1 st Notice of Funding Availability - Transmittal	<u>2022-23</u>
<u>TBA</u>	2 nd Notice of Funding Availability Opens	<u>2022-23</u>
<u>TBA</u>	2 st Notice of Funding Availability – Application Deadline	<u>2022-23</u>
<u>TBA</u>	2 nd Notice of Funding Availability - Transmittal	<u>2022-23</u>

1.2 Housing Type

Also on an annual basis, and as contained in the 9% LIHTC Pipeline Management Plan, the LAHD will determine what type of housing (target population, affordability, location, etc.) it wants to prioritize. This will determine which types of projects the LAHD will admit into the Pipeline.

Projects submitted under the 9% LIHTC Pipeline Management Plan and its Notice of Funding Availability and administered through these AHMP Regulations shall be structured utilizing one or more of the following funding sources:

1. 9% LIHTC;
2. 4% LIHTC combined with tax-exempt bonds; or
3. Non-LIHTC using other committed public or private sources.

Regardless of the leveraged funding source, all projects are to be underwritten assuming 100% HOME Investment Partnership Program Funds (HOME). LAHD's funds must eventually be used in a manner consistent with the HUD requirements and the AHMP Regulations applicable to the leveraging source(s). Projects that obtain funds from LAHD and require the issuance of bonds must use LAHD as the issuer of those bonds.

1.3 Funding Awards and Admittance Terms

Successful applicants under the Notice of Funding Availability will be tentatively assigned a tax credit round under which to apply and will be required to apply for that proposed leveraging source at that time. To the extent that the project has received approval from LAHD for “Readiness” (*see Section 7*), and if AHMP Funds are available, funding awards will be issued by LAHD prior to a 9% CTCAC Funding Round for which a project has been queued to apply for a tax credit allocation, or prior to a 4% CTCAC/CDLAC Funding Round.

The AHMP admittance term shall be valid for up to 12 months from the date of the LAHD Pipeline Admittance letter. If the project is unsuccessful in obtaining a funding commitment for the proposed leverage funding due to circumstances beyond the developer’s control, the AHMP term may be extended for up to 12 additional months. If the project becomes infeasible due to threshold non-compliance, it may be removed from the Pipeline, however, no negative points will be incurred.

1.4 Eligible Applicants

Applicants must comply with LAHD’s funding source requirements. Applications will be accepted from non-profit developers, for-profit developers, joint ventures, limited liability corporations, and limited partnerships.

LAHD may deny applications from individuals or entities that have not met current obligations to the City, as identified in LAHD’s Business Policy (Section 7.7). All applicants are subject to background checks to ensure compliance with the Business Policy, in addition to LAHD Code, Rent Registration, Occupancy Monitoring, Accessible Housing Program (AcHP), and Portfolio Management requirements. Submittal of a proposed project by an applicant that is not in compliance may result in disqualification of the project based on threshold criteria.

For the purposes of conducting an internal background check by LAHD Staff, applicants must submit a List of Properties (Attachment 2.9.2) and List of Partners and Entities (Attachment 2.9.3). Any delinquencies or other LAHD Business Policy compliance issues must be resolved prior to the issuance of an AHMP funding award.

1.5 Eligible Projects

The LAHD, through the Notice of Funding Availability, will determine, how many and which types of multi-family affordable rental housing developments it will accept for addition into the AHMP.

All multi-family rental housing projects must use the following minimum rent standards for units which are to be assisted with LAHD funding:

- All units assisted by HOME Funds must be affordable to households at or below 60% of the Area Median Income (AMI) for the Los Angeles-Long Beach CA HUD Metro FMR Area and/or State HCD AMI;
- A 9%-Low Income Housing Tax Credit (LIHTC) project that includes Low-Income Units targeted at greater than 60% of AMI shall have an average targeting that does not exceed 50% of AMI based on CTCAC's most recent guidelines for the calculation of average targeting;
- A 4%-LIHTC project that includes Low-Income Units targeted at greater than 60% of AMI shall have an average targeting that does not exceed 60% of AMI based on CTCAC's most recent guidelines for the calculation of average targeting;
- For units that are targeted at greater than 60% but not greater than 80% of AMI, LAHD may use Linkage Fee or other non-federal funds, subject to availability of these funds;
- In addition to complying with the HUD HOME rents, CRA-HCD rents, or more restrictive affordability standards, rents for the affordable units must be set at least 10% below market rents in that neighborhood as established by a current independent appraisal or by a market study as required in Section 2.12.1 of these AHMP Regulations;
- Units must also comply with the affordability requirements of the applicant's identified leveraging source, and income targeting must be consistent with the CTCAC regulations. Applicants are required to use the most restrictive rent levels based on the project's funding source/s.

1.6 Permanent Supportive Housing Projects

To compete as a Permanent Supportive Housing project, the proposed development must serve extremely and very low income, chronically homeless special needs individuals and veterans, homeless families, homeless transition-aged youth (TAY), homeless seniors,

homeless disabled and homeless frequent users of Los Angeles County services. At least fifty percent (50%) of the units within the project must contain households who are:

1. Moving from an emergency shelter; or
2. Moving from transitional housing; or
3. Currently homeless, which means:
 - a. An individual who lacks a fixed, regular and adequate nighttime residence;
or
 - b. An individual who has a primary nighttime residence that is:
 - i. A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and Transitional Housing for the mentally ill); or
 - ii. An institution that provides a temporary residence for individuals intended to be institutionalized; or
 - iii. A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

In addition, a minimum of 50% of the units reserved for single adults must serve persons with special needs who are chronically homeless. "Chronically homeless" is defined as follows:

(a) Experiencing chronic homelessness as defined in 24 CFR 578.3;

(b) Residing in a transitional housing project that will be eliminated and meets the definition of chronically homeless in effect at the time in which the individual or family entered the transitional housing project;

(c) Residing in a place not meant for human habitation, emergency shelter, or safe haven; but the individuals or families experiencing chronic homelessness as defined in 24 CFR 578.3 had been admitted and enrolled in a permanent housing project within the last year and were unable to maintain a housing placement;

(d) Residing in transitional housing funded by a Joint Transitional Housing and Permanent Housing Rapid Re-Housing component project and who were experiencing chronic homelessness as defined in 24 CFR 578.3 prior to entering the project;

(e) Residing and has resided in a place not meant for human habitation, a safe haven, or emergency shelter for at least 12 months in the last three years, but has not done so on four separate occasions; or

(f) Receiving assistance through the Department of Veterans Affairs (VA)-funded homeless assistance programs and met one of the above criteria at intake to the VA's homeless assistance system.

Units that do not serve single homeless adults are not subject to the above requirement on “persons-with-special-needs-who-are-chronically-homeless.”

As a condition of “Project Readiness,” projects must include a supportive services plan and budget as outlined in Sections 3.3 and 7.15 of these AHMP Regulations. Projects must also have a commitment for sponsor-based or project-based rental assistance for no less than fifty percent (50%) of the units in the proposed project, with a contract term of no less than five (5) years, as evidenced at minimum by a letter of intent from the appropriate governmental entity.

All units must have kitchen facilities which at the minimum, shall include a refrigerator, kitchen sink, stovetop, and storage cabinet and a full bathroom, which at the minimum, shall include a lavatory, toilet, and shower.

Applicants seeking to include units with two or more bedrooms in their Permanent Supportive Housing project/s shall submit a written evidence issued by the Los Angeles Homeless Services Agency (LAHSA) that they can provide a sufficient number of referrals through the Family Coordinated Entry System for the Service Planning Area in which the project is located to reasonably fill those units within nine (9) months of completion (Attachment 2.15).

Projects will be required to receive applicant referrals from applicable County Departments and will be required to collaborate with the County Departments on the final supportive services plan to serve this population. Applicants are encouraged to complete as much of the supportive services plan as possible and should indicate in it that they will collaborate with the County Departments on the final supportive services plan.

NOTE: While the County Departments are committed to collaborating with projects serving chronically homeless individuals with special needs on supportive service plans to serve this population, it is understood that some projects may serve more than one population and the County Departments would seek to collaborate with projects to coordinate supportive services across the various populations as much as is feasible.

Where discrepancies exist between these AHMP Regulations and HACLA’s PBV Notice of Funding Availability requirements, HACLA requirements will prevail.

1.7 Eligible Activities

Specific eligible activities are prescribed by LAHD's funding sources. AHMP Regulations vary by type of developer (for-profit or non-profit), funding source, and other sources of project financing present in the project. LAHD funds can generally be used for acquisition, predevelopment reimbursement, and rehabilitation or construction related costs. **The AHMP will not provide financing for the purpose of acquisition only or for the sole purpose of refinancing existing debt.**

Funds are available for:

- Acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition, and other expenses, including financing costs and relocation expenses.
- Construction and permanent financing expenses including demolition, off-site public improvements, construction bonds, general contractor and subcontractor payments including overhead, profit and general conditions.

Any net reduction in the number of units must be necessary to improve habitability or marketability of the project. However, if a new construction project entails relocation or permanent displacement, at minimum, the project must net 100% more units (i.e., double) than the amount to be demolished.

Where refinancing is necessary to preserve an existing 100% affordable project, the applicant must demonstrate that:

- Rehabilitation is the primary eligible activity and that the hard costs of rehabilitation are at least \$40,000 per unit;
- The property is in distress and disinvestment has not occurred;
- The long term needs of the project can be met and the feasibility of serving the targeted population over an extended affordability period can be demonstrated;
- The new investment is being made to maintain current affordable units, create additional affordable units, or both;

1.8 Ineligible Activities

Ineligible Activities include:

- Applying for AHMP awards for the sole or partial purpose of repayment of a current City or non-City residual receipts or “soft” loan;
- Reapplying for AHMP awards for the same proposed project using another source of leveraging while an AHMP commitment is still outstanding;
- Payment for the relocation of persons engaging in criminal activity or persons not lawfully present in the United States based on HUD’s 49 CFR 24.2 and 49 CFR 24.208;
- The payment of delinquent taxes, fees or charges on properties to be assisted with HOME funds;

- The repayment of multifamily loans made or insured by any federal program, including CDBG;
- Financing for the purpose of acquisition only or for the sole purpose of refinancing existing debt;
- Capitalization of any kind of project reserves using City funds (i.e. HOME, CDBG, CRA/LA or HOPWA Funds).

1.9 Density Bonus, Land Use Covenant

Projects that are approved under Section 12.22 A.25 of the Planning and Zoning Code (*including parking reductions*) may implement the State’s Density Bonus Law (SB 1818) which sets forth provisions and procedures for housing developments to receive a density bonus and other incentives, provided a requisite number of replacement units in accordance with the State Senate Bill # 8 and dwelling units are set aside for Low or Very-Low-Income Households as defined by Sections 50079.5 and 50105, and Extremely Low-Income Households as defined by Section 50106 of the California Health and Safety Code. These rent limits are based on income limits published by HCD and are lower than IRS Code Section 42 LIHTC (CTCAC) rent limits. Applications for projects seeking a Density Bonus, including reduced parking or any other incentives, must be consistent with the rent limits published by the HCD.

Applicants are strongly advised to confirm the requirements with LAHD’s Occupancy Monitoring and Land Use Sections prior to submitting an application under these AHMP Regulations.

The LAHD's Land Use Section can be reached LAHD-Landuse@lacity.org.

1.10 Loan Terms and Conditions

- 1.10.1 Type** - Acquisition, Predevelopment and Construction or Permanent Financing only.
- 1.10.2 Interest Rate** - The interest rate for all loans is Four Percent (4%) simple interest. LAHD reserves the right to negotiate a higher or lower interest rate if it is found to be beneficial to the project. Any amount not paid by Borrower when due shall bear interest from the date due to the date paid at the rate of fifteen percent (15%) per annum (“Late Payment Rate”).
- 1.10.3 Calculation of Interest** - Simple interest will be calculated on the loan amount outstanding and based upon a 365-day year, and actual number of days elapsed.

1.10.4 Payment of Interest

1.10.4.1 Payment of Interest During Construction

During the period of construction, accrued interest shall be calculated from the date of the first Warrant (Los Angeles City check) of the disbursement of the LAHD loan proceeds, until the date of the project's date of completion which is defined here as the date indicated in the project's Certificate of Occupancy ("Construction Period Accrued Interest"). This Construction Period Accrued Interest shall be due and payable to no later than the project's permanent loan conversion. For rehabilitation projects, the date of completion shall be the same date as the recordation date of Notice of Completion. Payment of the Construction Period Interest is a condition required prior to conversion of the LAHD loan from a construction loan to a permanent loan.

1.10.4.1 Payment of Interest After Completion of Construction

Thereafter, payment shall be made from annual residual receipts, beginning the First Payment Date and each year thereafter through the term of the loan. After project completion, accrued interest will shall be deferred. Principal and interest shall be due at maturity of the loan. However, principal and interest shall be repaid if there are adequate cash flow after the Allowable Deductions are made (Section 1.10.10).

1.10.5 Term – Fifty-Seven (57) Years (i.e. a 24-month construction period plus 55 year permanent loan period). LAHD reserves the right to negotiate a longer term if it is determined to be necessary for financial feasibility.

1.10.6 Conditions for Conversion – LAHD will not allow a construction loan to convert to a permanent loan unless the following conditions are met:

- Receipt of a Certificate of Occupancy, a Temporary Certificate of Occupancy or acceptable evidence of final sign-off from the Los Angeles Department of Building and Safety;
- Achievement of 90% occupancy and 100% occupancy of accessible units by tenants who need the features of those units;
- LAHD receipt of complete rent rolls;
- Evidence of application for property tax abatement if original proforma contemplated tax abatement;
- Evidence that any conventional debt for the project has closed or will close concurrently;
- Payment of the accrued construction period interest on LAHD's Acquisition-Predevelopment/Construction Loan that shall have accrued during construction period (applicable to projects that will be included in the Pipeline beginning 2015 and thereafter).

- LAHD’s acceptance of a Final Accessibility Report from a State-Certified Access Specialist Program consultant (CASp);
- Verification of Compliance for the Development has been issued by the Neutral Accessibility Consultant (NAC);
- LAHD’s receipt of the draft cost certification prepared by an independent Certified Public Accountant or accounting firm, under generally accepted auditing standards.

1.10.7 Leasing Preference and Relocated/Displaced Tenants

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

1.10.7.1 Leasing Preference - Permanent Supportive Projects

For AHMP-funded Permanent Supportive Housing projects using Project-Based Vouchers, developers must comply with the leasing preferences outlined in the Housing Authority of the City of Los Angeles PBV NOFA. This includes but is not limited to the requirement that both initial and ongoing vacancies of PBV units are filled using developer-created and maintained PBV Waiting Lists for the site (to be monitored by HACLA) or by referrals from the County Health Departments or Veterans Affairs, as appropriate. HACLA may also refer PBV applicants from the Section 8 tenant-based Housing Choice Voucher Program waitlist.

The County Departments will be responsible for developing and managing the client referral process into all of the housing PBV units set aside for this population at initial lease-up and subsequent unit turnover.

The Los Angeles Homeless Services Authority (LAHSA), Los Angeles County departments of Health Services (DHS) and of Mental Health (DMH) have developed the Coordinated Entry Systems (CES) to ensure that high acuity chronically homeless persons are prioritized for housing. In units designated for homeless individuals, projects shall use CES or similar systems to preference vulnerable population. Projects that are not Permanent Supportive Housing Projects may request to use coordinated entry or similar system to serve the homeless, subject to the discretion and approval of LAHD.

1.10.8 Misrepresentations or Material Changes to the Project

Any changes regarding the borrowing entity or changes to the project's design, including but not limited to unit count, unit configuration, and/or financial structure of either the applicant or the project, subsequent to the submittal of the AHMP application must receive LAHD's written approval; otherwise, LAHD reserves the right to withdraw its commitment. In the event misrepresentations are made regarding either the borrowing entity or the project, LAHD's commitment will be cancelled.

1.10.9 Equity Share

Upon an Event of Default, LAHD is entitled to its equity share upon the sale of the property. LAHD shall be entitled to a share in any appreciation that has occurred between the acquisition and the time of the sale. LAHD's share in the appreciation will be equal to the proportion of the LAHD loan funds used in the purchase of the property or the amount of LAHD loan funds used to repay an acquisition bridge loan. This section shall apply until construction has been completed and a Notice of Completion has been issued.

1.10.10 Repayment of the LAHD Loan

LAHD loans shall be repaid through a residual receipts distribution which allows the project to repay principal and accrued interest when adequate cash flow is available for distribution. LAHD shall receive its fifty percent (50%) share of the cash flow remaining after the Allowable Deductions, unless there are multiple government agencies funding the same project. In which case, LAHD shall receive its pro-rata share of the residual receipts based on the LAHD's amount of funds versus the total of all funds from all agencies. The Allowable Deductions from the cash flow shall be as follows (1) operating expenses calculated on an accrual basis; (2) debt service on senior project debt; (3) payments to the operating reserve fund; (4) payments to the replacement reserve fund; (5) actual deposits to the supportive services reserve fund; (6) repayment of General Partner Operating loan/s; (7) payment of deferred developer fees excluding any interest; and (8) payment of related party/third party fee up to fifteen thousand dollars (\$15,000) for projects that are included in the Pipeline prior to January 31, 2016; and twenty five thousand dollars (\$25,000) for projects that are admitted into the Pipeline on or after January 31, 2016.* LAHD does not allow any other fees to be deducted prior to payment of residual receipts to the LAHD.

** For projects that are included in the Pipeline prior to January 31, 2016, the maximum allowable pre-approved related party/third party fee is up to fifteen thousand dollars (\$15,000) with no annual increase. For projects that are admitted into the Pipeline on or after January 31, 2016, the maximum allowable pre-approved related party/third party fee is up to Twenty-five thousand dollars (\$25,000), with an increase of 3.5% compounded annually. 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.

1.10.11 Security

The LAHD loans will be evidenced by a promissory note and secured by a deed of trust.

1.10.12 Subordination

The LAHD may, at its discretion, subordinate repayment, security positions and affordability covenants to a conventional lender or other public agency lender.

1.10.13 Affordability Covenant/Regulatory Agreement

For all proposed projects, the required term of the affordability covenant will be fifty-five (55) years from the completion of construction, or the maximum required by CTCAC, HCD, HUD or CDLAC, whichever is longer. The affordability covenant remains in effect for no less than the agreed-upon term, regardless of the date upon which the LAHD loan is fully repaid.

1.10.14 Default

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

- Failure to construct the proposed project within the time agreed;
- Breach of rental covenants;
- Failure to maintain the property;
- Failure to make agreed-upon loan repayments;
- Failure to receive an LAHD approval prior to any change in ownership entity;
- Breach of affirmative action, equal opportunity, contractor responsibility, equal benefits or MBE/WBE requirements;
- Failure to submit annual financial statements certified by a certified public accountant;
- Failure to comply with Davis-Bacon or State Prevailing Wage requirements;
- Failure to meet accessibility construction standards, and/or failure to comply with all applicable accessibility standards, including but not limited to: Section 504 of the Rehabilitation Act of 1973 as amended, Title VIII of the Civil Rights Act of 1964 as amended in 1988 by the Fair Housing Amendments Act, and the Americans with Disabilities Act Title II, the State of California's Unruh Act, Department of Fair Employment and Housing (DFEH) Regulations and California Government Code Section 11135 et. seq.;
- Failure to maintain appropriate insurance coverage;
- Commencing construction (including demolition) without LAHD authorization;
- Failure to abide by development and/or construction schedules;
- Failure to maintain the project "in balance" during construction;

- Failure to pay property taxes that are associated with the project;
- Bankruptcy;
- Dissolution or insolvency of the ownership entity;
- Failure to adhere to construction cost limits as stated in Section 3.7 of AHMP Regulations.

1.11 Environmental Review

The National Environmental Policy Act (NEPA) was established in 1969 to give environmental values appropriate consideration in decision-making with regard to federally-funded projects. Because all projects funded under these AHMP Regulations assume federal funds, the environmental review process and clearance must meet NEPA standards. Therefore, the applicant shall not undertake or commit any funds to physical or choice-limiting actions, including further property acquisition, demolition, movement, rehabilitation, repair or construction prior to receiving a NEPA environmental clearance from LAHD. Violation of this provision may result in the denial of funds.

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

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

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

1.12 Other Public Benefit Requirements

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

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

1.12.2 Article XXXIV (Article 34) Letter

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

LAHD
Housing Development Bureau
Attention: <u>Article 34 Unit</u>
1200 W. 7 th Street, 8th Floor
Los Angeles, CA 90017
Telephone: (213) 922-9627
Email: lahd-article34@lacity.org

Also, LAHD will issue an Article 34 letter for projects that are admitted into the AHMP whenever the Department receives a request from its project sponsor for such a letter. Prior to a TCAC deadline during the “Readiness” stage, LAHD will also issue this letter and including the relevant approval forms that are required in a TCAC application funding round.

1.13 Property Management

LAHD reserves the right to approve the property management firm for each project. If during the life of the project, LAHD determines that the costs associated with management of the property are higher than those of comparable projects, or that the property management company is not acting in good faith, LAHD may require a change in the property management provider. Prior to completion of construction, developer must prepare a Property Management Plan (PMP) in accordance with LAHD requirements and receive approval of that PMP prior to lease-up. All affordable housing units must be leased within six (6) months of completion.

1.14 Amendment and Modification Fees

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

1.15 Commercial Space and Calculation of Residual Receipts

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

The Sources and Uses of funds in the development budget as required in Section 2.11, shall contain detailed line items and apportioned amounts for its commercial component that are separate from its residential component. The financial proforma shall include cash flow projection for residential and commercial space. The income from the residential portion of the project shall not be used to support the negative cash flow of its commercial portion. Similarly, the income from the commercial portion shall not support the negative cash flow of the residential portion.

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

1.16 Fair Housing Policy Regarding Disability

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

1.17 Building Permits

As a condition of closing LAHD loans in 9% or 4% LIHTC projects, LAHD will accept a "Ready-To-Issue" letter issued by the Los Angeles Department of Building and Safety, in lieu of a building permit, only if no AHMP Funds are disbursed for acquisition. However, if LAHD funds are disbursed to pay for acquisition, then LAHD will require a building permit at LAHD loan closing.

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

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

The Ordinance, defines a "Pet" as a common household domesticated animal such as a dog, cat, rabbit, bird, mouse, rat or similar small rodent, fish or turtle that is kept in the home for pleasure rather than for commercial purposes. "Pet" shall not include any equine (including any horse, pony, donkey, burro or mule), swine, sheep, goat, cattle, poultry or other similar livestock, and shall not be kept in an affordable housing unit for commercial purposes. If this definition conflicts with any applicable state law or regulation defining the pets that may be owned or kept in residential dwellings, the state law or regulation shall apply. Specific AHMP policies and guidelines for this Ordinance are outlined in Exhibit 09.

The Ordinance requires landlords to maintain and provide a copy of pet policies to tenants. A Project's pet policies shall include all mandatorily required policies and may also include discretionary guidelines designated by the owner or operator and specific to each Project. Mandatory and allowable discretionary policies are outlined in Exhibit 09.

1.19 Set-Aside and/or Housing Type Selection

For minimum threshold, scoring, and selection purposes, LAHD shall use the project's Set-Aside and/or Housing Type Selection/s as indicated in the completed online application submitted at the time of the NOFA application.

1.20 Fair Housing Act's Exemption Regarding Senior Housing

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

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

In addition, under the California Unruh Civil Rights Act, to qualify as a senior community, CC&Rs must state that at least one person in the dwelling must be a senior citizen, i.e., a qualified permanent resident (55 years of age or older or 62 years of age or older depending on the category of the senior community) and that each other resident in the same dwelling must be a qualified permanent resident. A "qualified permanent resident" is defined as someone who is residing with the qualifying resident in a senior citizen community is 45 years of age or older, or was a spouse, or cohabitant providing physical or economic support to the qualifying resident. Underage health care providers also are allowed to live with the senior resident. Also, a person under 55 years of age can reside alone in a senior project as California Civil Code §51.3 states that a qualified permanent resident is entitled to continue his or her occupancy, residency or use of the dwelling as a permitted resident upon the death of the senior citizen or dissolution of his or her marriage, or upon the senior citizen's hospitalization, or other prolonged periods of illness. Once properly established, age restrictions are enforceable through the courts.

SECTION 2 THRESHOLD REQUIREMENTS

For applications to be considered complete, all applicable items in the Support Documents tab must be submitted. Proposed projects must meet the minimum Notice of Funding Availability threshold requirements for new construction and/or rehabilitation projects. If an application does not meet these threshold requirements, it will not be considered for acceptance into the AHMP. Determination of completeness and compliance with thresholds and scoring of the application shall be based entirely on the application and all documents submitted therewith as of the filing deadline. No additional documents shall be accepted subsequent to the application filing date.

2.1 UNOFA Application and Financial Proforma

In combination with the completed multi-agency online Universal Notice of Funding Availability (UNOFA) application, applicants must upload a completed financial proforma using the UNOFA proforma workbook template that is available for download in the UNOFA website. This applies to all types of projects, i.e. 9% LIHTCs, 4% LIHTCs, and non-LIHTCs.

2.1.1 – Supplemental AHSC Workbook

In addition to the 9% or 4% LIHTC Application, if the applicant/developer will be applying for State AHSC Funds, a completed supplemental AHSC workbook is required (Attachment 2.1.1).

Applicable attachments for the leveraging source application are not required at Notice of Funding Availability application. However, the applicant must submit an executed Self-Certification Statement (Attachment_2.5) indicating that the affordable housing development can achieve the maximum points based on the scoring system of the most recently adopted CTCAC Regulations.

2.2 Preliminary Title Report and Site Control

2.2.1 Demonstration of Site Control

Regardless of the type of site control documents that will be submitted, all applicants/developers shall submit with the application, a copy of a Preliminary Title Report on the property/ies, which is prepared within ninety (90) days from the application deadline. (Attachment_2.2)

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

- Fee title as demonstrated by a current title report;
- Long-term leasehold interest (minimum term must equal the term of LAHD regulatory agreement);
- Option to purchase or lease (obtaining financing shall be the sole impediment to exercising the option);

- Executed land sale contract or other enforceable agreement for acquisition of the property;
- An executed Disposition and Development Agreement (DDA) with a public agency (e.g., the Community Redevelopment Agency);
- For L.A. City-owned sites and other public agency-owned sites (except for the Los Angeles County Metropolitan Transportation Agency or “Metro”), LAHD shall accept:
 - 1) a fully-executed DDA; or
 - 2) an Option to Lease or an alternative document that meets CTCAC’s site control requirement; or
 - 3) a fully-executed Exclusive Negotiation Agreement (ENA) with deal terms that demonstrate the project will be able to meet the proposed project timeline as shown in the project’s application.
- For sites owned by the Metro, an executed Exclusive Negotiation Agreement is acceptable at application. Prior to consideration for inclusion in LAHD's funding recommendation, a fully executed Disposition and Development Agreement (DDA) with that agency shall be required by LAHD.

The relative agreement must be (1) executed by both parties, including the principal of the developer and (2) provide site control for at least sixty (60) days beginning from the deadline for submission of the Notice of Funding Availability application; the sixty (60) days can include all extensions provided in the agreement. In the event that City Council and Mayoral approval takes longer than sixty (60) days, the City will require confirmation of continuing site control prior to taking the project to City Council.

If an original Purchase and Sale Agreement that is submitted with the application has a term that is shorter than sixty (60) days, LAHD will accept this document only if it contains a provision that allows for an extension of the escrow. During the NOFA review period, in order for their application to move to the next phase of the underwriting, project sponsors shall be responsible in notifying HCID if they 1) have secured the extension of the escrow, or 2) have purchased the property, or 3) wish to withdraw the application. After notifying LAHD, project sponsors shall submit proof that the escrow has been extended or that the property has been purchased.

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

2.2.2 Proof of Voluntary Acquisition

Voluntary Acquisition Letters (Attachment_2.2.2) with acceptable proof of service in accordance with Section 1.10.7, must be submitted at the time of Notice of Funding Availability application.

AHMP commitments assume the use of federal funds. Therefore, each purchase option or purchase agreement submitted in fulfillment of this threshold requirement must contain an acknowledgment that even though government funds may be used in the acquisition of the property, the property will not be acquired through the use of eminent domain.

If the site control for a proposed project is a long-term lease of at least 50 years with a public agency, then a Voluntary Acquisition Letter is required from that public agency at NOFA application, in accordance with HUD's Uniform Relocation Act.

Regardless of whether relocation is involved, documentation regarding the voluntary acquisition of the property must be submitted as part of the AHMP application. Proof of voluntary acquisition shall consist of a letter typewritten on the Developer's/Applicant's letterhead and addressed to the seller/previous property owner, stating that the Developer/Applicant is interested in acquiring the property for a proposed project that may receive funding assistance from HUD, but that the Developer/Applicant does not have the authority to acquire the property through eminent domain. The letter must also include the offer amount, which must be representative of the current market value.

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

For properties that were acquired via a ground lease from an agency with the powers of eminent domain, acquisition information from the agency will be required prior to loan closing.

Applications not meeting the above criteria will be automatically rejected and will not be considered for further review during the current Notice of Funding Availability. Applications can be re-submitted in a future Notice of Funding Availability.

2.2.3 General Information Notices

URA Regulations require that persons living in housing where federal funds will be utilized for acquisition, rehabilitation and/or redevelopment of the project, be notified that they will not or may be displaced as a result of the proposed project. HUD requires that tenants be provided with a General Information Notice (GIN) (Attachment 2.2.3) as soon as feasible. For the purposes of these AHMP Regulations, the term “as soon as feasible” is defined as the date that the applicant filed the application for the Notice of Funding Availability. It is therefore required that copies of the GINs that are sent to each of the tenants residing at the project site, along with proof/s that the notices were received by the intended recipients (refer to Section 1.10.7), be submitted with the Notice of Funding Availability application. In addition, the GIN must state that local, State, and/or Federal regulations regarding relocation or displacement payments may apply. The exception to this requirement is if the developer can provide evidence of good cause as to why it was infeasible to issue GINs and provide proof of service at the time of Notice of Funding Availability application. In this instance, the developer must submit, along with the tenant rent roll, a written statement detailing why it was not feasible to serve the GINs. However, in all cases, GINs must be served prior to receipt of a loan commitment and evidence of such notices must be received by LAHD within 30 days of service to the tenant/s. If the project fails to secure a funding commitment, either through the Notice of Funding Availability or the chosen leveraging source(s), all GINs must be rescinded.

2.3 Meeting Cost Parameters

Project development costs shall be reasonable as measured by the project’s Total Eligible Basis to its Total Adjusted Threshold Basis Limits, pursuant to the most current CTCAC regulations. A project shall be designated “high cost” if its Total Eligible Basis exceeds its Total Threshold Basis Limits by 30%. Applications that are designated as “high cost” shall be rejected and will not be considered for further review during the current Notice of Funding Availability.

2.4 Maximum Proposed LAHD Contribution

The affordable housing development must not propose City-administered permanent financing in excess of those outlined in the tables below. Applications not meeting this criterion will be automatically rejected and will not be considered for further review during the current Notice of Funding Availability. Maximum subsidy may only be calculated for those eligible units in accordance with Section 1.5 of these regulations. Any manager/s unit is excluded from this calculation. The maximum LAHD loan available to any one project is the lesser of \$14 million or 50% of the Total Development Costs of the project based on final costs at the time of loan closing. In aggregate, the total outstanding loan amount to any one applicant, developer or general partner, may not exceed 5% of its LAHD's loan portfolio balance.

	Maximum LAHD Subsidy		
	9% LIHTC Senior, or Large-Family Projects, or non-LIHTC	9% LIHTC Supportive Housing/ Special Needs Projects, or Incentivized Extremely Low-Income Units *	4% LIHTC + Tax-Exempt Bond Projects
0 bedroom	\$87,843	\$126,000	\$140,000
1 bedroom	\$96,978	\$135,450	\$140,000
2 bedroom	\$107,478	\$140,000	\$140,000
3+ bedroom	\$112,728	\$140,000	\$140,000

*Note: * These subsidy limits are applicable only to projects with units that are above the minimum 10% of the CTCAC ELI (see Section 5.3.2 on incentivized ELI units), and to Supportive Housing/ Special Needs projects.*

In no case shall the LAHD maximum subsidy exceed the most recent maximum per-unit subsidy limits under the HOME Program published by HUD. Supportive Housing/Special Needs subsidy is applied on a per-unit basis, not on a per-bed basis.

2.5 Applicant’s/Borrower’s Certification Statement Form

The applicant/developer shall complete the “Applicant Certification Statement” section of the UNOFA application, and provide a list of all partnerships, corporations, joint ventures, and/or limited partnership entities (including the Applicant, if applicable), which the applicant currently is or has been associated with, and designate whether the applicant is/was a principal and list the applicant’s title and responsibilities, including the purpose of the organization and its current status. Applicants may provide this information on their own form and submit as Attachment 2.5.

For 9% LIHTC projects, the applicant/developer must self-certify (Attachment_2.5) that the affordable housing development can score the maximum points in the most recently released CTCAC application within the 24 months following the Notice of Funding Availability application deadline. This includes, but is not limited to, the “Readiness” section of the CTCAC application. LAHD is concerned that projects needing a zone change through a General Plan amendment, or similar entitlement work, will not be likely to meet this criterion. Applications not meeting this criterion will be automatically rejected and will not be considered for further review during the current Notice of Funding Availability. For projects proposing to use 4% LIHTC and Tax-Exempt Bonds, please refer to Section 2.18 below.

2.6 Maximum Number of Projects Per Developer

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

The maximum number of developments that one entity or its subsidiary(ies) can be in the AHMP Pipeline at any one time is seven (7), of which a maximum of four (4) can be in pre-construction and a maximum of five (5) can be in construction and/or up to Ready for Occupancy, as defined further below. This limit applies to developments that are directly funded with resources from the LAHD programs, e.g. funds from HOME, Prop HHH, Linkage fee, SB 2, etc. Developments which do not involve direct LAHD funding, such as tax-exempt bonds, or State funds such as AHSC or Infill, will not count towards the maximum limit.

Participation is defined as (1) any percentage ownership in a current or future limited partnership, LLC or their equivalent, or (2) receipt of more than 10% of the total developer fee in a current or future limited partnership, LLC or their equivalent where the party does not have an ownership interest. Participation starts at initial application and ends at “Ready-for-Occupancy”. “Ready-for Occupancy” shall be defined as a milestone as evidenced by a Temporary Certificate of Occupancy or similar approval.

Applications not meeting this criterion will be automatically rejected and will not be considered for further review during the current Notice of Funding Availability. Applications can be re-submitted in a future Notice of Funding Availability. In aggregate, the total outstanding loan amount to any one applicant, developer or general partner, may not exceed 5% of its LAHD's loan portfolio balance.

In recognition that there may be entities that currently exceed the maximum cap, LAHD will allow an entity to submit for any development that is ready to apply, provided however, that the entity is able to identify and show to LAHD’s satisfaction that the entity will have proceeded to move forward one or more of its projects that are covered under the cap through the projects’ respective development phases, by the time the new development achieves “Readiness” and is queued to apply to TCAC in March 2023, so that the entity will still meet the maximum projects cap even with the addition of new project/s to its participation count.

2.6.1 Compliance with LAHD Asset Management, Accessible Housing Program, and Rent Stabilization Divisions

In consideration of the early timing of the application and project review, LAHD’s Portfolio Management and Occupancy Monitoring units will apply the following threshold criteria:

2.6.1.1 Portfolio Management

For each proposed developer and/or sponsor, LAHD must not be owed more than \$10,000 in residual receipts or other fees from its entire portfolio.

2.6.1.2 Occupancy Monitoring

Applicants will be allowed to pass threshold if they demonstrate that they have corrected all Occupancy Monitoring deficiencies, e.g., issuing documentation of having corrected rents that were over-charged to tenants, and have met all affirmative marketing requirements set forth by

LAHD. The compliance period includes up to 5 years of occupancy compliance history.

Applications not meeting this criterion will be automatically rejected and will not be considered for further review during the current Notice of Funding Availability.

2.6.1.3 Compliance with Accessible Housing Program

Covered Housing Projects of the Accessible Housing Program that are owned by the applicants, the applicants' partners, or in which the applicants' principals have a vested interest must be in certified or substantial compliance with the Accessible Housing Program.

Applications not meeting this criterion will be automatically rejected and will not be considered for further review during the current Notice of Funding Availability.

2.6.1.4 List of Properties

Applicants shall submit with the Notice of Funding Availability application, a list of all residential income properties when the following are true: 1) the properties are owned by the applicant, 2) the properties are owned by any of the applicants' partners, or 3) the properties are those in which any of the applicants' principals have a vested interest in them. If one of those properties has substandard or untenable units, the application will not be reviewed until the deficiencies are corrected. If deficiencies are not resolved, the application will be denied for failure to meet threshold criteria. (Attachment_2.6.1.4)

2.7 Intentionally Left Blank

2.8 Minimum Level of Equity

A minimum of 20% equity (i.e., 20% of the Total Development Cost), monetary and non-monetary, is required for all projects, of which half could be contributed land value. LAHD will verify equity contribution by using the attachment submitted under Section 2.1. To demonstrate land contribution as equity, land contribution agreement shall be submitted as Attachment 2.8.

2.9 Organizational Documentation and Self-Certification Statements

Applications must identify ALL members of the Development Team, including a State-Certified Access Specialist Program consultant (CASp) and consultant's CASp license or certification number. For more information on CASp, see Section 7.4.1 of the AHMP Regulations.

The following documents must be submitted at the time of Notice of Funding Availability application:

1. An organizational chart of the proposed ownership structure;
2. See Attachment_2.6.1.4_List of Properties;
3. List of Entities and Names of Partners;

4. LAHD Credit Check Authorization;
5. List of Board of Directors dated and executed within 90 days prior to the application;
6. Applicant's/Borrower's Certification Statement, see Attachment 2.5;
7. Board Resolution or Evidence of Consent from Majority Partnership Interest.

Applicants shall submit with the Notice of Funding Availability application, a list of all residential income properties that are owned by the applicant/developer/s, and or/general partner/s and shall submit this list under Section 2.6.1.4.

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

- a. Authorization to participate in the Notice of Funding Availability;
- b. Authorization to enter into and execute any and all contractual obligations, including but not limited to the City of Los Angeles Land Use Regulatory Agreement, Loan Agreement, and other documentation, as may be required by the City of Los Angeles; and,
- c. Names and offices of the authorized signatories who may act on behalf of the corporation, based on the required categories below.

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

2.10 Environmental Review and Historic Preservation

The following items must be submitted with the Notice of Funding Availability application:

- Dated color photographs of the entire project site and all properties surrounding the project site. If there are buildings on the site, all sides of the building(s) shall be included (Attachment 2.10);
- A project description that includes information on whether the project area and environs contain any properties listed on the National Register of Historic Places, the State of California inventory of historic places, or local inventory of historic places (Provide response under Question 6 of LAHD "Narrative" tab);
- Whether there are properties that appear to be historic within the boundaries or within a ½ mile radius of the project. (Provide response under Question 6 of LAHD "Narrative" tab).

2.11 Minimum Feasibility

All projects must demonstrate financial viability supported by a development budget with a 15-year cash flow proforma which shows positive cash flow and a debt coverage ratio as described in Section 10327(g)(6) of the most recent CTCAC Regulations. Projects must use the respective underwriting criteria required by the identified leveraging source, in combination with LAHD guidelines detailed in Part 3 of these AHMP Regulations.

Financial Proformas must be submitted with the application as Attachment 2.1 per Section 2.1 of the regulations, using the UNOFA Proforma workbook template that is in Excel format. Scanned copies (or PDF) shall not be accepted.

2.12 Reports

2.12.1 Appraisals

All applicants shall provide an “as-is” appraisal with a date of value that is within 180 days before or after the execution of a purchase contract of the transfer of ownership by all the parties, or within one year of the application date if the latest purchase contract was executed within that year. Appraisals shall be prepared by a California certified general appraiser having no identity of interest with the development partner (s) or intended partner or general contractor. “As-is” appraised value means the estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. LAHD shall not accept a property valuation based on “highest and best use” or “as-built” appraisal. The appraisal must also meet the Uniform Relocation Act definition of an appraisal. Additional appraisal requirements are listed in the regulations, which at a minimum shall follow the LIHTC regulations. (Attachment_2.12.1)

LAHD will also accept government-procured appraisal reports that are needed to determine the purchase price of land for an Exclusive Negotiation Agreement (ENA), Joint Development Agreement (JDA), Disposition and Development Agreement (DDA), or a ground lease payment in a Ground Lease. In such cases, LAHD will accept a disclaimer that the purchase price or lease payment is subject to a future appraisal. However, if the project’s development budget at construction loan closing reflects a different purchase price as compared to the price at application, before LAHD can move forward with the loan closing, project sponsors shall submit an explanation for the purchase price differential. If there is an increase in the purchase price, LAHD will also require an explanation on how the price increase will be financed with non-LAHD funds.

For rehabilitation projects, the value of the land and improvements shall be underwritten using the lesser amount of the purchase price or the “as is” appraised value of the subject property and its existing improvements without consideration of the future use of the property as rent restricted housing except if the property has existing long term rent restrictions that affect the as-is value of the property. The land value shall be based upon an “as if vacant” value.

The site value is to be estimated without considering any additional value that may be attributable to any low income housing tax credits or other tax benefits the project will receive. All relevant and reliable approaches to value are to be used. If the appraiser uses more than one approach, there shall be an analysis and reconciliation of approaches to value used that is sufficient to support the appraiser’s opinion of value. A description of comparable sales shall include all relevant physical, legal, and economic factors such as parties to the transaction, source and method. The appraisal may not determine property value based solely on sales comparable of properties financed by public agencies.

If a land is donated or leased from a public agency, an “as-is” appraisal is required at the application deadline and shall be prepared within six (6) months of 1) the transfer of ownership or 2) the Notice of Funding Availability application deadline, whichever comes first.

2.12.2 Phase I Environmental Assessment or Phase I with Required Phase II

Phase I Environmental Assessments must follow the standards outlined in American Standards of Testing and Materials (ASTM) E 1527-13 and ASTM E 1527-21, to determine the potential presence of onsite and neighboring property contamination (including but not limited to lead-based paint, asbestos, methane, and radon). The Environmental Assessment must have been completed within the six months prior to the date of the application deadline. If a project's Phase I Environmental Assessment indicates the need for further assessment, a Phase II report must be submitted. The applicant must include a cost estimate for any required remediation. (Attachment_2.12.2)

If submittal of soils report will be deferred pursuant to Section 2.23 of these regulations, the Environmental Assessment must indicate if the site falls within an area of the City that requires special investigations or analysis on LIQUEFACTION, EARTHQUAKE-INDUCED LANDSLIDE, AND FAULT-RUPTURE HAZARD. Those areas are as follows:

1. State Mapped Zones requiring Liquefaction and Landslide investigation/mitigation per the Seismic Hazard Mapping Act, State of California Public Resources Code, Section 2690 et seq;
2. Alquist-Priolo Earthquake Fault Zones per the State of California Public Resources Code, Section 2620 et seq, and City of Los Angeles PFRSA.

All of the zones or areas listed above may be viewed at the following website:
<http://navigatela.lacity.org/navigatela/>

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

2.12.3 Lead/Asbestos

All rehabilitation projects and new construction projects that involve demolition of existing structures in advance of the rehabilitation or new construction, must submit an asbestos assessment and lead-based paint report completed within the twelve months prior to the date of the application deadline. For new construction projects where there is complete demolition of all existing structures, the applicant may submit a letter in lieu of a lead test and/or asbestos assessment report indicating that the presence of lead and/or asbestos is/are assumed and the appropriate federal, state, and local lead and/or asbestos hazard abatement protocols will be followed. For occupied sites, assessment must include minimally invasive sampling of readily accessible surfaces. Testing for asbestos

shall be subject to AQMD standards. As it relates to lead-based paint, testing and compliance shall be consistent with those standards outlined in HUD's "Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing" (July 2012), including Chapter 7, Lead-Based Paint Inspection, which are the industry standard. If the assessment determines that lead and/or asbestos is present, (except for new construction with complete demolition of the existing structure demolition as indicated above), a Lead and/or Asbestos Abatement Plan must be submitted. The applicant must include a cost estimate for any required abatement. (Attachment_2.12.3)

2.13 Assurances and Conditions Certification

The authorized signatory(s) for each applicant organization must read the Assurances and Conditions outlined below and submit a completed Assurances and Conditions Certification form (Attachment_2.13). By doing so, the applicant acknowledges understanding of an agreement with the following provisions that will be required at the time of contract negotiations:

2.13.1 Affirmative Action: The City's Administrative Code (Division 10, Chapter 1, Article 1, Section 10.8) establishes the Affirmative Action program for vendors doing business with the City. As a condition of contract award, grantees will be required to comply with the provisions of the City's Affirmative Action program, including submission of the City's Affirmative Action form with an Affirmative Action Plan.

2.13.2 Insurance: The chosen contractor(s) must provide evidence of minimum insurance coverage requirements.

2.13.3 Service Contract Worker Retention Ordinance and the Living Wage Ordinance (SCWRO and LWO): The chosen contractor(s) shall comply with all Los Angeles Administrative Code (LAAC) Sections 10.36 et seq., SCWRO and LWO. A Declaration of Compliance must be approved by the Department of Public Works, Office of Contract Compliance prior to contract execution.

2.13.4 Equal Benefits Ordinance (EBO): The chosen contractor(s) must be certified as complying with the Los Angeles Administrative Code Section 10.8.2.1, EBO, prior to the execution of any City Agreement. The EBO forms must be approved by the Department of Public Works, Office of Contract Compliance prior to contract execution.

2.13.5 Certifications: Applicant(s) shall provide copies of the following documents to the LAHD:

- A. Certification regarding ineligibility, suspension, and debarment as required by Executive Order 12549.
- B. Certification and Disclosure Regarding Lobbying. Contractor(s) shall also file a Disclosure Form at the end of each calendar quarter in which there occurs any event requiring disclosure, or which materially affects the

accuracy of the information contained in any Disclosure Form previously filed by the Contractor(s).

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

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

2.14 Affordable Housing Entitlement Self-Certification Form

The applicant/developer must demonstrate to LAHD's satisfaction that the project as proposed will be able to meet all zoning and land use requirements prior to the issuance of an LAHD funding commitment. These include, but are not limited to, general plan amendments, re-zonings and conditional use permits. LAHD will consult with the Los Angeles City Planning Department to verify whether the project as stated is appropriately zoned and in compliance with all zoning requirements and local land use ordinances. If a condition or requirement is pending, the project will be disqualified for failure to meet threshold criteria unless a public hearing is waived or scheduled prior to the issuance of an LAHD funding commitment. For the purposes of the Notice of Funding Availability application, a completed Affordable Housing Entitlement Self-Certification form is required (Attachment 2.14). The Density Calculation section in Item 4A and B, on page 2 and 3 of this form states that when calculating the Base Density by-right per Zoning Code 12.22A25, applicants shall round down. In addition, when calculating the Maximum Allowable Density Bonus Units and Restricted Affordable Units, applicant shall round up. The Density Bonus and Restricted Affordable units are calculated from the Base Density number.

Applicants proposing to avail of the Transit Oriented Communities (TOC) Affordable Housing Incentive Program for entitlement incentives (e.g. residential density, floor area ratio, parking, etc.) shall submit, in addition to the Affordable Housing Entitlement Self-Certification form, a completed form under Att_2.14(2) using a template provided from the on-line application webpage. Applicants who are not availing of incentives from the TOC are not required to submit a completed form.

2.15 Letter from LAHSA pertaining to Family CES

Applicants seeking to include units with two or more bedrooms in their Permanent Supportive Housing project/s shall submit a written evidence issued by the Los Angeles Homeless Services Agency (LAHSA) that they can provide a sufficient number of referrals through the Family Coordinated Entry System (CES) for the Service Planning Area in which the project is located to reasonably fill those units within nine (9) months of completion (Attachment 2.15).

2.16 Conceptual Architectural Plans or Schematics

At minimum, a Conceptual Design Submittal package is required with the application (Attachment 2.16). For additional information regarding Architectural Design Review and submittal requirements, refer to Exhibit 01.

In addition to the Architectural Design requirements that are contained in Exhibit 01, the following are the minimum threshold requirements for living space dimensions for each unit size:

- SROs – minimum of 200 sq. ft., and a maximum of 500 sq. ft.;
- 1-bedrooms – minimum of 450 sq. ft.;
- 2-bedrooms – minimum of 700 sq. ft.;
- 3-bedrooms – minimum of 900 sq. ft.;
- 4-bedrooms – minimum of 1,100 sq. ft.

For the purpose of this subsection, SRO units are efficiency units or studio units that may include a complete private bath and kitchen but generally do not have a separate bedroom, unless the configuration of an already existing building being proposed to be used for an SRO dictates otherwise.

2.17 Competitive Criteria Self-Score Form and Minimum Competitive Score

A completed Self-Score Form for Competitive Criteria – Points System, is required at Notice of Funding Availability application deadline (Attachment 2.17).

Proposed affordable housing developments must score a minimum of thirty-five (35) Competitive Criteria points under the AHMP Regulations Scoring Criteria, in order to be considered into the Pipeline (Attachment 2.17).

2.18 Lowest Income of CTCAC Application, Points System Tab - Section E – For 9% LIHTC, 4% LIHTC-Bond Projects, or non-LIHTC Projects

If an application is proposing a 9% LIHTC, or a Tax Exempt Bond/4% LIHTC financing structure, or a non-LIHTC with non-City controlled commitment(s) of private source(s), a completed copy of Section D(2) Lowest Income for 10% from the Points System tab of the CTCAC 9% Competitive Tax Credit Application, is required and must demonstrate that the project is able to attain a minimum point score of: 1) fifty-two (52) points for 9% LIHTC projects, or 2) forty (40) points for Tax Exempt Bond/4% LIHTC or non-LIHTC projects, under the Lowest Income Points Table in Section 10325(7) of the CTCAC Regulations. Applications that have a Lowest Income Point Score that is less than the minimum points as specified above, will fail to meet the minimum threshold requirement and shall be declined. (Attachment 2.18).

2.19 Single Application Requirement

Only one application per project, containing only one financing structure, will be accepted by LAHD. For example, when an application on a project using a 9% Tax Credit structure is submitted concurrently with a separate application using a Tax Exempt Bonds/4% LIHTC structure on a same project, LAHD shall reject both applications and shall not consider the project for acceptance into the Pipeline.

2.20 **Relocation**

Permanent displacement of the project site's residents is to be minimized. If a new construction project entails residential relocation or permanent displacement, the project must net a minimum of 100% more residential units (i.e., double) than the amount proposed to be demolished.

Demolition and replacement of single room occupancy (SRO) Residential Hotel units will be permitted if 1) the project is economically non-viable, physically obsolete or severely distressed and 2) after consultation with residents, where an owner is transferring all of a rental assistance contract under a Rental Assistance Demonstration (RAD) Use Agreement or similar government-sanctioned or court ordered program, provided that a nonprofit entity retains ownership or control of the units to preserve their long-term renewable use and affordability restrictions; At minimum, a project to which assistance is transferred must provide an equal or greater number of decent and safe affordable units with complete private kitchen and bath facilities. Fifty percent (50%) of those units must provide permanent supportive housing with no net loss of units.

If the proposed site is occupied, a tenant displacement assessment must be conducted before submitting a funding application. This written assessment and a Relocation Plan must be submitted during NOFA application.

The Relocation Project Summary Assessment form (Attachment 2.20.4) must be valid and within six months of the application deadline. In addition, a copy of the relocation consultant's proposed or executed service agreement or contract, and the consultant's resume/qualifications must be provided.

Before any relocation activities can be carried out, the applicant shall obtain from LAHD a written approval of the relocation plan. The written approval should state that the relocation plan has been reviewed and accepted by LAHD. Upon acceptance, the relocation plan shall be implemented by a qualified relocation consultant. At a minimum, the relocation plan must include:

- A reasonable cost estimate that includes underlying assumptions (housing assistance payment, moving expenses, and other allowable expenses);
- Identification of the number of households or businesses to be displaced;
- A current rent roll as of the date of the project's NOFA application;
- Samples of the required relocation notices;
- A description of the proposed advisory services to be provided to the displaced households/businesses; and,
- Projected dates for 1) issuance of required notices; 2) claim payments; 3) tenant move out.

The relocation assessment must be completed by a qualified relocation consultant and must include a detailed cost estimate in conformance with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (**Uniform Act**), other HUD requirements including **Section 104(d)** of the Housing and Community Development Act, and/or California Code of Regulations (CCR), Title 25, Section 6038.

All projects will be required to adhere to the Uniform Acquisition and Relocation Act of 1970 (URA), Section 104(d) of the Housing and Community Development Act of 1974, amended, and/or the City of Los Angeles' Rent Stabilization Ordinance (RSO) and/or Title 1, Division 7, Chapter 16 of the Government Code, commencing at Section 7260, and Subchapter 1 of Chapter 6 of Title 25 of the California Code of Regulations, commencing at Section 6000, whichever is applicable to each individual household and is most financially beneficial to the individual household. Please note that at a minimum, the State relocation benefits amount must be provided to each qualifying household where the federally-prescribed relocation assistance amounts are less than the current RSO-prescribed amount. However, federal funds that are granted through these AHMP Regulations can only reimburse relocation costs that are supportable by URA and Section 104(d) Regulations.

Applicants shall submit the following minimum threshold documents:

1. Relocation plan – Att_2.20(1);
2. Resume/Qualifications of the Relocation Consultant – Att_2.20(2);
3. A completed Relocation Tenant Rent Roll as of the date of the project's NOFA application – Att_2.20(3);
4. Completed Project Summary Assessment form pertaining to Relocation – Att_2.20(4).

2.21 Minimum Budget for “Furniture” in Special Needs/ Supportive Housing Units

Applicants must include costs to furnish all Special Needs (SN) and/or Supportive Housing (SH) units in the proposed development budget. The minimum amount for the “Furniture” line item in the budget is \$3,000 per furnished unit. This minimum requirement applies to SN and/or SH units only and not to the entire project. At a minimum, the budget should provide for a bed, dresser, a lamp, and a dining table with at least two (2) chairs per unit.

2.22 Minimum CTCAC Final Tie-Break Scores for 9% CTCAC Set-Aside Applications

To ensure CTCAC competitiveness, any application proposing a 9% LIHTC financing structure that will compete for a tax credit allocation under the CTCAC's Nonprofit Set-Aside, Special Needs Set-Aside, or “At-Risk” Set-Aside, shall use an amount of AHMP subsidy, in combination with other leveraging sources, that is necessary to achieve a tie-break score that is higher than the lowest winning Final Tie-Break Score of the respective Set-Aside from the last CTCAC funding round relative to the NOFA application deadline.

2.23 Soils Report

All new construction projects must submit a soils report completed within the past twenty-four (24) months of the Notice of Funding Availability application deadline, for the purposes of evaluating the geo-technical engineering characteristics of the on-site subsurface soils relative to the anticipated development.

The report shall include the items below:

1. Description of the field exploration and laboratory tests performed;
2. Evaluation of soil liquefaction potential;

3. Conclusions and recommendations relating to construction of the proposed residential development, based upon the analyses of data from exploration and testing programs;
4. Knowledge of the general and site-specific characteristics of the subsurface soils.

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

Reports for sites occupied by structures must include subsurface investigations that are conducted in compliance with, and subject to, City of Los Angeles Department of Building and Safety standards (Attachment 2.23).

Alternatively, project sponsors may submit in lieu of a soils report, an affidavit signed by all general partners' authorized representative stating that:

- 1) The general partners acknowledge that the NEPA Clearance will not be issued within ninety (90) days of the project's admittance into the Pipeline; and,
- 2) The soils report will be submitted to LAHD ninety (90) days prior to the CTCAC application deadline.

2.24 Self-certification for Compliance to Access Standards

All applicants/developers shall complete and submit a signed Access Compliance Certification Form (CFC) with the Notice of Funding Availability Application (Attachment 2.24), certifying that the project shall be designed, constructed, and thereafter maintained in compliance with all applicable federal, State, and local accessibility standards. The CFC certifies that, of the total number of units in each project, four percent (4%) of the total number of units in each development shall be accessible to persons with sensory impairments and eleven percent (11%) of the total number of units in each development shall be accessible to persons with mobility impairments. During loan closings where new regulations for CDLAC/CTCAC require an increase the number of required units, then projects that are admitted into the AHMP and/or funded by LAHD shall meet the most restrictive requirement in building the project.

2.25 Construction Cost Estimating Requirements

All applicants to the NOFA shall submit a construction cost estimate prepared by a third-party licensed general contractor or an independent third-party construction cost estimating firm ("cost estimator"). The construction cost estimate shall include a certification affirming that the project's scope and construction costs are within the stated budget, and that the construction cost estimate of the project is accurate. This certification shall be dated and signed by the same third-party licensed general contractor or an independent third-party construction cost estimating firm and submitted as Attachment 2.25. For guidelines on the maximum amount of General Contractor Overhead, Profit, and General Conditions, see Section 3.7.7.1 of the AHMP Regulations.

SECTION 3 UNDERWRITING, COST AND PRICING GUIDELINES

3.1 **Replacement Reserve**

A minimum replacement reserve of three hundred dollars (\$300) per unit, per year, shall be set for all unit types, except senior units, which will be set at two hundred fifty dollars (\$250) per unit, per year. However, if CTCAC, HCD or HUD should adopt AHMP Regulations that differ, the LAHD shall re-underwrite the project prior to the closing of the loan, in order to be consistent with the identified primary leveraging source.

3.2 **Operating Reserve**

The operating reserve shall be established and capitalized up front with an amount equal to three (3) months of operating expenses and hard debt service. This amount must appear in the proforma development budget at the time of application submittal, and at AHMP loan closing. The actual operating reserve account must be established and fully funded within 120 days of completion of construction. However, if CTCAC, HCD or HUD should adopt AHMP Regulations that differ, LAHD will have the authority to re-underwrite the project prior to the closing of the loan, in order to be consistent with the identified primary leveraging source.

3.3 **Supportive Services Reserve Fund and Supportive Services Coordination and Case Management**

Case management must include outreach and engagement with tenants. Based on best practices of the Los Angeles County Health Agencies, the following Case Manager-to-tenant ratios will be used by LAHD in evaluating project proposals:

- One Full Time Equivalent (FTE) Case Manager to no more than 20 units of chronically homeless;
- One Full Time Equivalent (FTE) Case Manager to no more than 20 units for homeless Transition-Aged-Youths;
- One Full Time Equivalent (FTE) Case Manager to no more than 30 units of homeless with special needs;
- One Full Time Equivalent (FTE) Case Manager to no more than 45 units of low income senior or other tenant populations.

To calculate the required ratio, the quotient shall be rounded up.

Applicant/developer will be permitted to pay for supportive services coordination and case management from cash flow as an Operating Expense up to the limits defined below. The applicant/developer may also establish a Supportive Services Reserve Fund for supportive services coordination and case management. To the extent that there are funds available after the 1) payment of all Operating Expenses, 2) funding the Replacement Reserve Fund, and 3) funding the Operating Reserve Fund, funds may be deposited into this Supportive Services Reserve Fund for the purposes of providing supportive services coordination and case management for the project's tenant population. In a given year, based on the target population served in each unit, the combined amounts of 1) supportive services coordination and case management costs taken as an Operating Expense and 2) deposits to the Supportive Services Reserve Fund shall be in amounts of no more than the following:

- Up to \$4,080 per unit per year for the chronically homeless;
- Up to \$3,060 per unit per year for homeless with special needs;
- Up to \$250 per unit per year for low income senior and other tenant populations.

The maximum balance of the Supportive Services Reserve Fund may not exceed three (3) times the per unit annual limits.

Requests for disbursement from the Supportive Services Reserve Fund must be submitted in writing to LAHD Asset Management Division, Attention: Division Director, and will be subject to LAHD approval. Funds may be drawn to pay only for providing supportive services coordination and case management for the project’s tenant population and when other public funding is unavailable to cover supportive services coordination and case management expenses. Funds from this account shall not be used to pay for other supportive services. For projects serving the homeless, disbursements will be contingent upon adherence to a Supportive Services Plan that is in conformance with the Plan Requirements outlined in the HACLA PBV Notice of Funding Availability, or from a government agency issuing the rental or operating subsidy, if available. Disbursements from the Supportive Services Reserve Fund shall also be in accordance with Section 7.15 of the AHMP Regulations.

Inflation for the annual service coordination fee (on the \$250, \$3,060, or \$4,080 per unit, per year base) may be increased by five percent (5%) annually.

However, if CTCAC, HCD or HUD should adopt a fee guideline that would differ from that of the AHMP Regulations, the LAHD shall re-underwrite the project prior to AHMP loan closing to ensure consistency with the regulations of the project’s primary leveraging source.

3.4 Debt Coverage Ratio

The Debt Coverage Ratio for the first year shall be equal to at least 1.15 to 1 pursuant to Section 10327(g)(6) of the most recent CTCAC Regulations, except where the applicable leveraging source regulations state otherwise. To be considered feasible, a project must demonstrate positive cash flow after debt service for a 15-year minimum term. Where a higher first year ratio is necessary to meet this requirement, the year- 15 cash flow shall be no more than the greater of 1) two percent (2%) of the year-15 gross income or 2) the lesser of \$500 per unit or \$25,000 total. Cash flow after debt service shall be limited to the higher of twenty-five (25%) of the anticipated annual must pay debt service payment or eight percent (8%) of gross income, during each of the first three years of project operation.

3.5 Developer Fee

For projects with 9% LIHTC financing structure, the maximum developer fee that may be included in the project costs is the latest relevant limit that is established by the CTCAC in the California Code of Regulations, Title 4, Division 17, Chapter 1, Section 10327(c)(2)(A).

For projects with 4% LIHTC financing structure, the maximum developer fee that may be included in the project costs is the relevant limit that is recently established by the CTCAC in the California Code of Regulations, Title 4, Division 17, Chapter 1, Section 10327(c)(2)(B).

Notwithstanding the CTCAC developer fee maximums, the maximum developer fee that may be paid out of development funding sources is \$2,200,000 for 9% LIHTC applications and \$2,500,000 for 4% LIHTC applications. In 4% LIHTC-structured projects, the balance of a higher earned developer fee permissible under CTCAC's Section 10327(c)(2)(B) must be offset by a capital contribution of an equal amount to defray the development costs associated with the project. The project budget may not reflect, nor may the project pay out, a deferred developer fee beyond the balance owed on the \$2.5 million portion of the fee. Developer fees for projects developed as multiple simultaneous phases must comply with CTCAC regulations.

For 4% LIHTC-Bond projects that are awarded points by LAHD under the AHMP regulations Section 5.2.3 for BIPOC scoring, the maximum developer fee is increased to Three Million dollars (\$3,000,000).

All other projects that are not structured as Bond/4% LIHTC shall be subject to the 9% LIHTC developer fee policy established in CTCAC Regulations Section 10327(c)(2)(A).

Any unpaid developer fee balance shall be paid from annual, excess cash available following the payment of all project operating costs, debt service, reserve deposits and administrative fees. However, no developer fee may be disbursed from any source without the approval of LAHD.

The recapture of any deferred developer fee shall be 15 years. Any interest on deferred fees shall be payable from the developer's share of residual receipts.

3.6 Consulting Fees

Consulting fees must not exceed \$100,000 and should be dependent upon the size and complexity of the project. Specific consulting services include: preparation of tax credit applications; preparation of LAHD applications and other public agency applications; preparation of applications for conventional financing, as well as provision of general development services such as the selection and coordination of the development team; loan documentation; and, processing local approvals and entitlements. Fees required for construction management and entitlement consulting if provided by a third party, are not included in this category.

If the developer performs development services for the project which could be contracted to a consultant (e.g., preparation of a Tax Credit application, obtaining entitlements), the developer is entitled to assign the consulting fees to its own organization.

Applicants may not make side agreements with consultants which increase the consulting fees beyond the amount shown on the consulting line item. All consultant contracts and fees charged by the developer (in excess of the development fee) to provide services to the project shall be reviewed and approved by LAHD for cost reasonableness.

3.7 Cost and Pricing Guidelines

3.7.1 Purchase Price

The maximum allowable purchase price is the lower of either the purchase price of the property or the as-is appraised value as evidenced by an appraisal that is prepared by a California State-certified general appraiser no more than six (6) months prior to the date of LAHD loan funding. The appraisal may not determine property value based solely on the sale of comparables financed by public agencies.

Additionally, if the subject site is being sold by an entity related to the newly proposed ownership entity, any mark-up on the land costs must be clearly stated and will be subject to LAHD approval.

3.7.2 Tax Credit Pricing

A letter of interest is not required at Notice of Funding Availability application deadline. However, for underwriting purposes, LAHD will not approve a loan based on assumptions that are unreasonable or inconsistent with industry standards.

3.7.3 Cost Controls and Mandatory use of AIA Standard Form of Agreement

All contracts, including but not limited to Owner/Architect, or Owner/Consultants or Owner/General Contractor must be approved by LAHD, and shall use the American Institute of Architects (AIA) Standard Form of Agreement.

Project costs should take into consideration anticipated increases in construction labor and materials costs throughout the projected construction period. Construction estimates will be reviewed at the time of determination for Project Readiness and any estimates considered to be excessively high or low may result in the rejection and/or removal of the project from the Pipeline list. Applicants should not expect LAHD to fill any additional financing gaps that occur as a result of rising prices.

3.7.4 Competitive Bid – General Contractors and Subcontractors

If at the time of application, the general contractor was not identified as part of the development team, the construction contract shall be awarded through a competitive bid process. The developer shall utilize a Request for Qualifications (RFQ) process (soliciting a minimum of three proposals). Awards should be made to the responsible firm whose proposal is most advantageous to the project with price and other factors considered. Criteria for selection should include, but not be limited to: the success of previous projects; experience and track record for completing projects on time and on budget; amount of overhead and profit; ability and/or capacity to complete the job within the time frame required; contractor integrity; and, the breadth of financial and technical resources to support the project. The general contractor, construction contract, and any change orders issued thereunder, will be subject

to the LAHD's approval. If at the time of application, a general contractor has been selected and is identified as a member of the development team, the developer/general contractor must provide a minimum of three (3) bids for each major trade including but not limited to site work, concrete, carpentry, drywall, plaster, mechanical, electrical and plumbing.

3.7.5 Disallowed Costs

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

3.7.6 Wage Compliance

Assuming HOME funds will be used as a funding source, all projects will be required to pay wages to laborers and mechanics at the Davis-Bacon wage rates, at minimum. However, any project funded in whole or in part with Community Redevelopment Agency (CRA/LA) or other State funds are subject to State Prevailing Wage Requirements.

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

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

3.7.6.1 Davis-Bacon Wage Requirements

The U.S. Department of Labor (DOL) issues Davis-Bacon Work Determinations reflecting prevailing wages and benefits paid by the construction industry within specific localities. The Work Determinations are further classified by the nature of the construction projects performed, specifically listed as "schedules:" residential, building, highway, and heavy construction. A brief outline of the definitions for each schedule is listed below. Further details and examples may be found in DOL's "All Agency Memorandum Nos. 130 and 131" issued in 1978 (reference the WDOL Library Page). For more information, please refer to DOL's website containing Federal Davis-Bacon Wage Determinations at <http://www.wdol.gov/archdba.aspx>.

- **Building Construction:** Includes construction of sheltered enclosures with walk-in access for the purpose of housing persons, machinery, equipment or supplies; all construction of such structures; the installation of utilities and of equipment, both above and below grade levels; as well as

incidental grading, utilities and paving. Such structures need not be "habitable" to be building construction. Also, the installation of heavy machinery and/or equipment does not generally change the project's character as a building.

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

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

3.7.6.2 State Prevailing Wage Requirements

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

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

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

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

Information regarding California's State Prevailing Wage Determinations are as follows:

CA State Wage Determinations:

http://www.dir.ca.gov/dlsr/statistics_research.html

Archived CA State Determinations:

<http://www.dir.ca.gov/dlsr/DPreWageDetermination.htm>

3.7.7 Contractor Accountability

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

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

3.7.7.2 Construction Contract Audit

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

3.7.7.3 Enforcement Language

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

3.7.7.4 LCP Tracker

Contractors will be required to report to LAHD's Prevailing Wage Compliance Unit using the LCP Tracker labor compliance software, used by many public agencies to capture, monitor, and report prevailing wage compliance in projects financed with public funds. An amount equal to

0.03% of the construction contract must be paid in full by the applicant/developer within 30 days of execution of the LAHD loan.

3.7.7.5 Cost Certification

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

Direct Construction Cost Summary (incorporated into Attachment 2.11): A construction cost breakdown must be prepared using the standard Construction Specification Institute (CSI) Division format for building components. Prices for labor must take into consideration the applicable wages (e.g., Davis-Bacon or other). Where there is an identity of interest relationship between the general contractor and/or the owner and a subcontractor as defined in Section 7.14, LAHD will require a cost certification of the subcontractor. Any overhead, profit and general requirement fees paid to that subcontractor will be added to the general contractor's overhead, profit and general requirements and limited to the percentages allowable in these AHMP Regulations. In these instances, the general contractor must provide to a third party Accountant:

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

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

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

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

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

3.7.8 Utility Allowance

Newly constructed projects in the design phase (brand new, never previously used buildings) must use the California Energy Commission (CEC) California Utility

Allowance Calculator (CUAC). LAHD requires that the signing consultant be qualified by the California Association of Building Energy Consultants' (CABEC) Certified Energy Plans Examiner (CEPE) program, and must be a certified Home Energy Rating System (HERS) Rater, or a California licensed mechanical engineer or electrical engineer.

Rehabilitation projects or projects with Project Based Section 8 Vouchers from the Housing Authority of the City of Los Angeles (HACLA) shall use HACLA's utility allowance.

If a new construction development has several units supported by Section 8 Project Based Vouchers (PBVs) from HACLA, then the project shall be allowed to use HACLA's utility allowances for the entire project, except when the project has HOME funding. A project with HOME funding commitments after 8/23/2017 cannot use the HACLA utility allowance if it does not have a waiver from HUD; instead, the project shall use CUAC or HUD Utility Schedule Model (HUSM) to develop their utility allowances. Projects with HOME funding commitments after 8/23/2017 and have PBVs from a public housing agency (PHA) may apply for and be granted a waiver from HUD that allows the use of HACLA utility allowances.

3.7.9 Land Use Fees

Projects must include the fees that are associated with services provided by LAHD's Land Use Unit, e.g. covenant preparation, AB 2222/2256 Determination, covenant monitoring. These fees are effective as of January 16, 2017. For more information, LAHD's Land Use Unit can be reached at: LAHD-Landuse@lacity.org.

SECTION 4 APPLICATION PROCESS AND REQUIREMENTS

The following general rules will apply to all applications submitted under the AHMP Notice of Funding Availability:

4.1 **General Rules:**

- 4.1.1 Only one application per project, containing one financing structure only, will be accepted by LAHD. Multiple applications for the same project are not allowed (e.g. an application using a 9% LIHTC structure that is submitted concurrently with a separate application using a Tax Exempt Bond/4% LIHTC structure, on a same project, will be declined).
- 4.1.2 These AHMP Regulations are open for rental housing projects which *intend to apply* to CTCAC, CDLAC, the State of California, or locally (e.g. Los Angeles County Development Authority, etc.).
- 4.1.3 All applications must be submitted to the UNOFA portal by the required date for each established round of Notice of Funding Availability. Applicants are encouraged to submit their projects as early as possible.
- 4.1.4 Incomplete applications will not be considered for funding. It is the responsibility of the applicant to ensure completeness of their submittal.
- 4.1.5 Staff will begin reviewing and underwriting proposals as soon as they are received.
- 4.1.6 Applicants will be subject to a background check to ensure compliance with LAHD Business Policy.
- 4.1.7 All information and support documents relevant to the proposed project must be submitted with the application. The completion of all applicable sections of the LAHD-supplied application is required.

4.2 **Application Scoring**

This is a competitive process, and project applications will be scored and ranked according to the scoring system in Section 5 below.

4.3 **Application Submittal and Review**

Notice of Funding Availability applicants must use the online application and forms provided or approved by LAHD. Application forms must not be modified. Applications must be submitted on time. Late and/or incomplete applications will not be accepted.

Applications received after the deadline will not be accepted. Applications submitted through hard copies, facsimiles or email will not be accepted.

4.4 Appeal Process

(a) Availability

No applicant may file an appeal regarding an LAHD staff evaluation of another applicant's application. An applicant may file an appeal concerning a LAHD staff evaluation of the applicant's project limited to:

- (1) Disqualification of application pursuant to Section 2 – Threshold Requirements;
- (2) Verification or determination of the application point score pursuant to Section 5 Selection Criteria;

(b) Timing

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

4.5 City Council and Mayoral Approval Process

Final score and ranking recommendations will be reviewed by the Mayor's Office, City Administrative Officer, the Chief Legislative Analyst, the Housing Committee of the City Council, and the full City Council. Once the recommendations are adopted by the City Council, the Mayor's Office will give its final concurrence.

4.6 Release of Funds

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

SECTION 5 SELECTION CRITERIA

Each application will be evaluated and scored according to the following criteria and additional project selection considerations:

5.1 Financial Efficiency (Maximum 22 points)

5.1.1 Readiness (Maximum 10 points)

A maximum of 10 points will be awarded to projects which demonstrate readiness to apply in the next upcoming CTCAC rounds.

5.1.1.A Entitlements (Maximum 4 points)

5.1.1.A.i – Four (4) points shall be awarded to projects that have evidence from the Los Angeles Department of City Planning (LADCP) or the Los Angeles Department of Building and Safety (LADBS), that all necessary entitlement-related applications have been approved; and no additional discretionary approvals are required and that the project will be able secure required entitlements by the proposed CTCAC application date;

or,

5.1.1.A.ii – Two (2) points shall be awarded to projects that have evidence from LADCP that the Affordable Housing Referral Form has been submitted or evidence from LADBS that the Affordable Housing Section Approval Process application has been submitted.

To garner points under this subsection, all documentation shall be submitted under Attachment_5.1.1.A.

5.1.1.B Competitiveness (2 points)

Two (2) points shall be awarded to projects that demonstrate proof the projects will attain the maximum number of possible points in CTCAC, which includes site amenities, service amenities and affordability matrix. To obtain points under this subsection, a copy of the completed Point System Tab from the most recent and appropriate CTCAC application must be uploaded under Attachment 5.1.1.B in the UNOFA application. Non-LIHTC projects must submit a completed Point System Tab of the 9% TCAC application.

5.1.1.C No Relocation (Maximum 4 points)

5.1.1.C.i - Projects that will not require permanent relocation of residential tenant/s, shall be awarded Four (4) points;

or,

5.1.1.C.ii - Relocation of 10% or less - Projects that will require permanent relocation of residential tenants that equate to 10% or less, of

the total new proposed units, shall be awarded Two (2) points. Relocation points will be verified in the documents submitted under Section 2.20.

5.1.2 Leverage of Committed Funding Sources (Maximum 12 points)

Points will be awarded for submittals within the application documenting enforceable commitments for permanent financing from non-City resources, for a maximum of twelve (12) points. (Attachment_5.1.3)

Points shall be awarded based on the ratio of the Total Committed Soft Funds and/or Private Funds (Total Committed Funds) to the project's Total Development Costs. Private funds shall not include amortized permanent loans from conventional lenders.

To calculate the points that will be awarded under this subsection, LAHD shall divide the Total Committed Funds by the Total Development Costs. The resulting ratio shall be rounded down to the nearest whole percent. Applications shall be awarded one-half (1/2) point for every one percent (1%) ratio of Total Committed Funds versus the Total Development Costs.

For purposes of scoring, committed funding sources include federal, state, or local government funds, and those funds that are already committed under the Affordable Housing Program of the Federal Home Loan Bank. To receive points under this subsection for loans, those loans must be "soft" loans, having terms (or remaining terms) of at least 15 years, and below market interest rates and interest accruals, and are either fully deferred or require only residual receipts payments for at least the first fifteen years of their terms. Qualified soft loans may have annual fees that reasonably defray compliance monitoring and asset management costs associated with the project. The maximum below-market interest rate allowed for scoring purposes shall be four percent (4%) simple, or the Applicable Federal Rate (AFR) if compounding. RHS Section 514 or 515 financing shall be considered soft debt for scoring purposes in spite of a debt service requirement.

The capitalized value of rent differentials attributable to public rent subsidies or public operating subsidies ("Tranche B loans") shall be considered committed funds only if the project has an evidence of committed project-based vouchers from the Housing Authority of the City of Los Angeles. The evidence of commitment of vouchers shall have been issued prior to the NOFA application deadline. The underwriting standards for Tranche B loans shall include a 15-year loan term; an interest rate established annually by CTCAC based upon a spread over 10-year Treasury Bill rates; a 1.15 to 1 debt service coverage ratio; and a five percent (5%) vacancy rate. In addition, the rental income differential for subsidized units shall be established based on CTCAC's most recent regulations.

In applications where publicly-owned land is donated, the land value that will be donated to the project shall be considered committed funds. If the land will be donated through a seller's note, the term of the seller's note must have the same terms as the "soft" loans as described above. If the terms of the land purchase include requirements or restrictions that are not part of the conditions of zoning

requirements, e.g. replacement parking, the value of the land shall be reduced by the costs that are associated with those requirements.

In applications where privately-owned land is donated, the land value of privately-owned land shall be considered committed funds. In order for LAHD to award points, the donor of the land must be an unrelated third-party. For partial land donations, at least 50% of the land value must be donated to the project. The portion of the land value that is being donated shall be considered committed funds.

For donations involving leasehold estates, LAHD will accept the property's "Below Market Value" of the Ground Lease as the committed funds. The "Below Market Value" (BMV) is defined as the difference between the appraised value minus the actual capitalized ground lease amount. The BMV amount that LAHD will consider as committed funds shall be further reduced by the aggregate amount of any land lease rent and/or residual receipts payments over the initial lease term.

All land values in all cases above must be supported by an "As-Is" appraisal that is consistent with Section 2.12.1.

Deferred developer fees, LAHD recast debt, or loans from a related company and/or development team, shall not be considered as committed funds.

5.2 Experience (Maximum 28 points)

5.2.1 General Partner Experience (Attachment 5.2.1) (Maximum 12 Points)

To receive points under this subsection for projects in existence for over 3 years, the proposed general partners, **and** a "Key Person" within the proposed general partner organization, must meet the conditions stated below. For this subsection, a "Key Person" is defined as an Executive Director or a Housing Director in the general partner organization, or an equivalent position that meets the satisfaction of LAHD. Applicants shall submit a resume or curriculum vitae of the Key Person with the application. In addition, LAHD shall not award experience points to an organization that has not exercised managerial control over those projects that will be utilized to claim points.

- (i) For projects in operation for over three years, submit a certification from a third party certified public accountant that the projects for which it is requesting points have maintained a positive operating cash flow, from typical residential income alone (e.g. rents, rental subsidies, late fees, forfeited deposits, etc.) for the year in which each development's last financial statement has been prepared and have funded reserves in accordance with the partnership agreement and any applicable loan documents. To obtain points for projects previously owned by the proposed general partner, a similar certification must be submitted with respect to the last full year of ownership by the proposed general partner, along with verification of the number of years that the project was owned by that general partner. To obtain points for

projects previously owned, the ending date of ownership or participation must be no more than 10 years from the application deadline. This certification must list the specific projects for which the points are being requested. The certification of the third party certified public accountant may be in the form of an agreed upon procedure report that includes funded reserves as of the report date, which shall be dated within 60 days of the application deadline, unless the general partner or key person has no current projects which are eligible for points in which case the report date shall be after the date from which the general partner or key person separated from the last eligible project. If the certification is prepared for a first round application utilizing prepared financial statements of the previous calendar year, the certification may be submitted in a second round application, exceeding the 60-day requirement above. Where there is more than 1 general partner, experience points may not be aggregated; rather, points will be awarded based on the highest points for which 1 general partner is eligible (Attachment 5.2.1);

- (ii) The projects in operation which are used to garner points under this subsection must be compliant under the LAHD Business Policy, within the last ten (10) years from the AHMP NOFA deadline.
- (iii) The maximum points under this subsection is twelve (12) points as the options below are not cumulative.

3-4 projects in service more than 3 years, of which 1 shall be in service more than 5 years and 2 shall be California Low Income Housing Tax Credit projects = 8 points

5 or more projects in service more than 3 years, of which 1 shall be in service more than 5 years and 2 shall be California Low Income Housing Tax Credit projects = 12 points

For special needs housing type projects only applying through the Nonprofit set-aside or Special Needs set-aside only, points are available as described above or as follows:

3 Special Needs projects in service more than 3 years and one California Low Income Housing Tax Credit project which may or may not be one of the 3 special needs projects = 8 points

4 or more Special Needs projects in service more than 3 years and one California Low Income Housing Tax Credit project which may or may not be one of the 4 special needs projects = 12 points

5.2.2 CHDO (Maximum 10 Points)

To be awarded 10 points under this section, the General Partner in the partnership and the developer, **both**, must be certified as a CHDO by LAHD. For joint ventures,

all parties with the general partner and/or developer role must be CHDOs to qualify for 10 points. (Attachment 5.2.2). See Exhibit 05 for guidance on CHDO requirements.

The CHDO certification must be submitted as Attachment 5.2.2 with the application. If a CHDO-certification application has been submitted before the NOFA deadline but is pending approval, LAHD will allow for an entity to get certified within 60 days after the NOFA deadline to allow the entity to submit additional documents if necessary. Requests for information on obtaining a CHDO certification from LAHD must be directed to:

<u>LAHD</u>
<u>Housing Development Bureau</u>
<u>Attention: Summer Bernardo/Brittany Batong</u>
<u>1200 W. 7th Street, 8th Floor</u>
<u>Los Angeles, CA 90017</u>
<u>Telephone: (213) 922-9627</u>
<u>Email: LAHD-CHDO@LACity.org</u>

Alternatively, the applicant may instead garner 10 points under Section 5.2.3 below. However, the combined maximum points for Sections 5.2.2 above and 5.2.3 below is only 10 points, as they are not cumulative.

5.2.3 BIPOC (Maximum 10 Points)

A project shall receive BIPOC points in one of the following manners:

- (A) Ten (10) points if the project is a joint venture between an entity that receives maximum general experience points pursuant to Section 10325(c)(1)(A) of the CTCAC regulations and a BIPOC, provided that the partnership agreement: (i) allocates a share of the developer fee, cash flow, and net sale proceeds to the BIPOC that is equal to or greater than the share to the entity with maximum general experience points and (ii) provides the BIPOC Developer an option to purchase the development. To receive points under this subsection, applicants must submit a copy of the executed partnership agreement showing the required terms as indicated above, and submitted as Attachment 5.2.3.A; or
- (B) Ten (10) points if the sole sponsor of the project is a BIPOC that: (i) is a general partner in at least one LIHTC development that has received a certificate of occupancy, or if a rehabilitation project, completed rehabilitation, within five years of the date of application, and (ii) submits the certification from a third-party certified public accountant (CPA) referred to in Section 10325(c)(1)(A)(i) of the CTCAC regulations for that development, and (iii) demonstrates to the satisfaction of the LAHD AGM adequate in-house or contracted knowledge, skills, experience, and financial capacity to successfully develop, own and operate the proposed project. To receive points under this subsection, applicants must submit requirements as mentioned in (i) above, i.e., Certificate of

Occupancy, and as mentioned in (ii) above, i.e., certification from a third-party CPA, and submitted as Attachment 5.2.3.B, including a copy of the resume for the “Key Person” in the BIPOC organization.

BIPOC applicants are required to answer “Yes” to the question in Attachment 2.5 – Applicant’s/ Borrower’s Certification Statement “Do you certify that you or your organization qualifies as a BIPOC?”. "BIPOC" means an entity or developer that is at least 51% owned by one or more Black, Indigenous, or Other People of Color or by a non-profit organization with a Black, Indigenous, or Other Person of Color executive director/Chief Executive Officer (CEO) and board membership that is comprised of at least 51% Black, Indigenous, and Other People of Color. For purposes of this subsection, Black, Indigenous, or Other People of Color means "a person who checked the Black or African American, American Indian and Alaska Native, Asian, or Native Hawaiian and Other Pacific Islanders race category or who answered yes to the Hispanic Origin question on the 2020 United States Census or the most current publication of the United States Census.

5.2.4 Property Management Company Experience (Attachment 5.2.2) (Maximum 6 Points)

To receive points under this subsection, the property management company must meet the following conditions:

- i. To obtain points for projects previously managed, the ending date of the property management role must be no more than 10 years from the application deadline;
- ii. The property management experience with a project shall not pre-date the project’s placed-in-service date;
- iii. The projects in operation which are used to garner points under this subsection must be compliant under the LAHD Business Policy, within the last ten (10) years from the AHMP NOFA deadline.
- iv. In order to garner points under this category, applicants for Special Needs/ Homeless projects shall include special needs/homeless projects in their experience list.
- v. The maximum points under this subsection is six (6) points as the options below are not cumulative.

6-10 projects managed over 3 years, of which 2 shall be California Low Income Housing Tax Credit projects = 5 points; or,

11 or more projects managed over 3 years, of which 2 shall be California Low Income Housing Tax Credit projects = 6 points

For special needs housing type projects only applying through the Nonprofit set-aside or Special Needs set-aside only, points are as follows:

2-3 Special Needs projects managed over 3 years and one California Low Income Housing Tax Credit project which may or may not be one of the special needs projects = 5 points; or,

4 or more Special Needs projects managed over 3 years and one California Low Income Housing Tax Credit project which may or may not be one of the special needs projects = 6 points

Points in subsections 5.2.1 and 5.2.4 above will be awarded in the highest applicable category and are not cumulative. For points to be awarded in subsection 5.2.4, a Letter of Interest from the property management company for the subject application must be submitted at the time of application. “Projects” as used in subsections 5.2.1 and 5.2.4 mean multifamily rental affordable developments of over 10 units that are subject to a recorded regulatory agreement. General Partner and Management Company experience points may be given based on the experience of the principals involved, or on other nonprofit entities that have experience but have formed single-asset entities for each project in which they have participated, notwithstanding that the entity itself would not otherwise be eligible for such points. For qualifying experience, “principal” is defined as an individual overseeing the day-to-day operations of affordable rental projects as senior management personnel of the General Partner or property management company.

5.3 Other Policy Objectives (Maximum 4036 points)

5.3.1 Geographic Distribution (Maximum 6 points)

Projects will be awarded maximum of Six (6) points based on **ONE** of the following two categories:

5.3.1.A - LAHD shall award points to project sites that are within the Transit Oriented Communities (TOC) as verified in the Los Angeles City’s Zone Information Map Access System (ZIMAS) (see Exhibit 2) or through a verification by the Los Angeles Department of City Planning. Applications requesting points under this category shall submit a copy of a ZIMAS report for the proposed site(s). The report must not be older than 15 days prior to the AHMP application deadline. Please follow the Los Angeles Department of City Planning at <https://planning.lacity.org/zoning/zoning-search>. (Att_5.3.1.A)

LAHD shall award points based on the following:

TOC Tier 4 / TOC Tier 3 = 5 points;

TOC Tier 2 / TOC Tier 1 = 3 points;

or,

5.3.1.B - Project sites that are within a CTCAC’s Highest or High Resource Area shall receive the following points:

High or Highest Resource Area = 5 points;

Applications requesting points under this category shall submit a screen

print of the opportunity map for the proposed site using the 2021 TCAC/HCD Opportunity Map located at:
<https://belonging.berkeley.edu/2022-tcac-opportunity-map>
(Attachment_5.3.1.B)

5.3.1.C - One (1) point for projects which are located in both a City TOC Tier 4 or Tier 3 **and** a Highest or High Resource Area.

5.3.2 Extremely Low-Income (Maximum 14points)

In order to incentivize projects that can “internally subsidize” extremely low-income units (ELI) by blending ELI units with units at higher income limits, LAHD shall award one (1) point up to a maximum of fourteen (14) points, for each 1% above the TCAC’s Lowest Income Points initial 10% minimum Low-Income units per Section 10325(6)(B) of the CTCAC Regulations. The percentage differential shall be rounded-down to the nearest whole percent. For purposes of scoring, an ELI unit is restricted between 0 and 30 percent of the area median income. To receive points under this subsection, applicants shall submit a completed copy of Section D(2) Lowest Income for 10% from the Points System tab of the CTCAC 9% Competitive Tax Credit Application. (Attachment_5.3.2)

Applications that are proposing PBVs or operating subsidies shall not be awarded points under this subsection. All applications must demonstrate financial feasibility without project-based vouchers with reasonable assumptions, i.e., reasonable incomes from the target populations. Additionally, the project’s unit mix will have more than 10% of the total units targeted as ELI.

A Special Needs project may qualify for points under this subsection if all of these conditions are satisfied:

- 1) The project is not proposing PBVs or operating subsidy;
- 2) Must meet the definition of Special Needs (at least 45% of total units targeting Special Needs population);
- 3) Must meet the CTCAC average income requirement (i.e. Average income of 50% of AMI for 9% LIHTC, and 60% of AMI for 4% LIHTC);

5.3.3 Site Efficiency (Maximum 5 points)

Affordable new construction housing developments with the total number of units of One Hundred (100) or more per acre, shall receive five (5) points under this subsection. LAHD will verify site density using the documents submitted under Section 5.1.1, and/or appraisal submitted under Section 2.12, and/or architectural plans submitted under Section 2.16.

5.3.4 Cost Efficiency (Maximum 15 points)

Points shall be awarded to projects whose Adjusted Total Development Cost Per Unit is lower than the Average Total Development Cost (TDC) Per Unit from the LAHD’s data set. To calculate the average per unit cost, LAHD will use a data set that will include all developments that have executed construction loan closings between July 1, 2021 and June 30, 2022. LAHD will verify cost efficiency using the proforma submitted under Section 2.1.

One point shall be awarded to the project for every 1% that the project's Adjusted Total Development Cost Per Unit is below the Average Total Development Cost Per Unit from LAHD's data set. For this category, the Adjusted Total Development Cost is calculated by subtracting the following from the project's Total Development Costs: 1) developer fees, that are contributed as equity to the project, that is in excess of amounts in accordance with contribution threshold as specified in Section 10327(c)(2) (B) of the CTCAC Regulations, and/or 2) any non-residential costs that are required by a government agency as part of the land disposition and are non-zoning related requirements, e.g. replacement parking, etc., up to a maximum of \$40,000 per residential unit, and/or 3) the development cost of the project's commercial component, provided that a) these costs are for viable commercial space, b) costs are supported by private sector financing, and c) costs are excluded from the calculation of basis in accordance with CTCAC guidelines. Also, for the purpose of calculating the project's Adjusted Total Development Cost, LAHD shall not subtract any of the project's LAHD recast debt from the project's Total Development Costs. The percentage differential shall be rounded down to the nearest whole percentage.

5.4 Enhanced Accessibility Program (Maximum 10 points)

As required by the Voluntary Compliance Agreement entered into by the City and the U.S. Department of Housing & Urban Development in 2019, competitively allocated housing funds must include scoring points for an enhanced accessibility program that gives developments points for including additional hearing, vision, or mobility accessibility features such as power operated doors, touch pad lights, and easily accessible pantry storage.

Applicants who elect to participate in the Enhanced Accessibility Program (EAP), shall receive ten (10) bonus points, and shall:

- 1) Submit a schematic architectural plan that indicates (a) all of the required accessibility design features in Tables 1A and 1B or 1C, and (b) at least 5 of the optional accessibility design features as listed in Exhibit 08- Enhanced Accessibility NOFA Program;
- 2) Submit a checklist of the chosen design features. The checklist must be signed and dated by the applicant. (Attachment_5.4)

5.5 Negative Points (No maximum)

LAHD, at the discretion of the General Manager, will impose negative points to general partners, co-developers, management agents, consultants, guarantors, or any member or agent of the development team identified in the application. All negative points shall be assessed to future applications for two years from the date of LAHD's issuance of a letter assessing the respective negative points. Negative points shall be assessed as listed below:

- 5.5.1** Twenty (20) negative points may be assessed to developers and/or project sponsors that violate the Pipeline Order as stipulated Section 8 herein;

5.5.2 Two (2) negative points may be assessed if there is an increase in the project's Total Development Costs at the time of application as compared to the Total Development Costs at construction loan closing, and the cost increase is at 11% to 15%;

Five (5) negative points may be assessed if there is an increase in the project's Total Development Costs at the time of application as compared to the Total Development Costs at construction loan closing, and the cost increase is more than 15%;

5.5.3 Any negative points that may be imposed by CTCAC under Section 10325(2) of the CTCAC's Regulations pertaining to the assessment of Negative Points.

SCORING SUMMARY COMPETITIVE CRITERIA	
<u>Category</u>	<u>Maximum Points</u>
<p>Financial Efficiency (22 Points)</p> <p>1. Readiness</p> <p style="padding-left: 20px;">A. Entitlements</p> <p style="padding-left: 40px;">i.LADCP or LADBS approval (4 points); or</p> <p style="padding-left: 40px;">ii.Affordable Housing Referral form has been submitted to LADCP (2 points);</p> <p style="padding-left: 20px;">B. Competitiveness – Project will attain the maximum CTCAC points (2 points);</p> <p style="padding-left: 20px;">C. Relocation – Project will not require relocation (4 points); or</p> <p style="padding-left: 40px;">“10% Relocation” – (2 points)</p> <p>2. Leverage - Committed Funds (12 points)</p>	<p>10 Points</p> <p>12 Points</p>
<p>General Partner, Management Company, and Borrowing Entity Characteristics (28 Points)</p> <p>1. General Partner Experience;</p> <p>2. Borrowing Entity is a CHDO; <u>or</u></p> <p>3. Entity or partner is a BIPOC</p> <p>4. Property Manager Experience.</p>	<p>12 Points</p> <p>10 Points,</p> <p>6 Points</p>
<p>Other Policy Objectives (40 Points)</p> <p>1. Geographic Distribution</p> <p style="padding-left: 20px;">A. Project site is within TOC</p> <p style="padding-left: 40px;">i. TOC Tier 4 or TOC Tier 3 (5 points);</p> <p style="padding-left: 40px;">ii. TOC Tier 2 or TOC Tier 1 (3 points);</p> <p style="padding-left: 40px;">or,</p> <p style="padding-left: 20px;">B. Project site is within the Highest or High Resource Area (5 points)</p> <p style="padding-left: 20px;">C. Project site is located in both TOC Tier 4 or Tier 3, and Highest or High Resource Area (1 point)</p> <p>2. Extremely Low-Income units within development project that is not proposing Project-Based Vouchers;</p> <p>3. Site Efficiency – New Construction with 100 or more units per acre;</p> <p>4. Cost Efficiency – Adjusted TDC/unit vs Average TDC/unit.</p>	<p>6 Points</p> <p>14 Points</p> <p>5 Points</p> <p>15 Points</p>
Sub-total possible points before bonus points	90 Points
Bonus – Enhanced Accessibility Program points	10 Points
TOTAL POSSIBLE POINTS	100 Points

5.6 Additional Project Selection Considerations

5.6.1 Ranking and Selection by Set-Aside and Geographic Apportionment Pools

The Notice of Funding Availability applications will be ranked, within the 9% LIHTC pool, those projects that intend to compete in the Special Needs/SRO Set-Aside, At-Risk Set-aside, Non-Profit Set-aside, and the Los Angeles City Geographic Apportionment. Projects will be selected into the AHMP until sufficient number of high-scoring applications will use all tax credits that are available from CTCAC 2023 Rounds 1 and 2, and CTCAC 2024 Round 1.

5.6.2 Minimum Permanent Supportive Housing Projects in the Pipeline

In order to maximize utilization of the 9% LIHTC resource and to support production of Permanent Supportive Housing in accordance with the Consolidated Plan, the City will prioritize the goal of always having at least 250 units of Permanent Supportive Housing in the Pipeline, annually, subject to availability of funds and tax credits.

5.6.3 Minimum At-Risk Projects in the Pipeline

In order to maximize utilization of the 9% LIHTC resource and to facilitate its preservation goals, the City will prioritize the goal of always having at least 100 “At-Risk” units in the Pipeline. To do so, the City may reach below higher ranking non-At-Risk affordable housing developments to maintain at least 100 units of At-Risk affordable housing in the Pipeline at all times.

5.6.4 Minimum Senior Projects and Large Family Projects in the Pipeline

To the extent that there are available 9% LIHTC, AHMP Funds, or leveraging sources for senior projects or large family projects, the City will prioritize the goal of always having at least 50 units targeting seniors, and 400 units targeting large families, in the Pipeline.

5.6.5 Geographic Distribution of Resources

The AHMP scoring system shall award points to projects that are located within either the City’s Transit Oriented Communities Program or CTCAC’s Highest and High Opportunity Area. See scoring system above.

5.6.6 Priority Order of LA City Goals

This is a competitive Notice of Funding Availability and applications will be scored according to the selection criteria and goals set forth above. After verifying all application self-scores, projects will be selected in the following order, subject to availability of 9% LIHTC, AHMP Funds, or other leveraging sources:

All projects must meet all threshold requirements, as further described in the regulations. Only those projects that pass the minimum threshold review shall move forward on being ranked according to their total score as verified by the LAHD staff. Ranked projects shall be sorted according to their housing types and/or set-aside selection pursuant to Section 1.19 of the AHMP Guidelines,

beginning with 1) 9% LIHTC supportive housing projects, then 2) 9% LIHTC large family projects, then 3) 9% LIHTC senior projects, then 4) 9% LIHTC at-risk/preservation projects, then 5) 4%-Bond projects, and then 6) all others. LAHD staff shall admit projects into the AHMP in the following manner:

FIRST, within the 9% LIHTC Supportive Housing (SH) projects, the LAHD will rank applications using verified scores as the ranking key, from the highest to the lowest score. Beginning with the top-ranking SH project, and then the next top-ranking project and so on, the LAHD will select projects from this SH group and admit them into the Pipeline. The LAHD will keep a cumulative count of the number of SH units that are being accepted into the Pipeline from order of selections, and will continue to select projects until the goal of 250 SH units is reached.

SECOND, within the 9% LIHTC Large-family (LF) projects, the LAHD will rank applications using verified scores as the ranking key, from the highest to the lowest score. Beginning with the top-ranking LF project, and then the next top-ranking project and so on, the LAHD will select projects from this LF group and admit them into the Pipeline. The LAHD will keep a cumulative count of the number of LF units that are being accepted into the Pipeline from order of selections, and will continue to select projects until the goal of 400 LF units is reached.

THIRD, within the 9% LIHTC Senior projects, the LAHD will rank applications using verified scores as the ranking key, from the highest to the lowest score. Beginning with the top-ranking Senior project, and then the next top-ranking project and so on, the LAHD will select projects from this Senior group and admit them into the Pipeline. The LAHD will keep a cumulative count of the number of Senior units that are being accepted into the Pipeline from order of selections, and will continue to select projects until the goal of 50 senior units is reached.

FOURTH, within the 9% LIHTC At-risk/Preservation (At-risk) projects, the LAHD will rank applications using verified scores as the ranking key, from the highest to the lowest score. Beginning with the top-ranking At-risk project, and then the next top-ranking project and so on, the LAHD will select projects from this At-risk group and admit them into the Pipeline. The LAHD will keep a cumulative count of the number of At-risk units that are being accepted into the Pipeline from order of selections, and will continue to select projects until the goal of 100 At-risk units is reached.

FIFTH, once all of the above goals are met, and if LAHD funds are still available, within the 4% LIHTC/Bond projects, the LAHD will rank applications using verified scores as the ranking key, from the highest to the lowest score. Beginning with the top-ranking 4% LIHTC/Bond project, and then the next top-ranking project and so on, the LAHD will select projects from this 4% LIHTC/Bond group and admit them into the Pipeline until available funds are exhausted.

SIXTH, if there are not enough units to satisfy the above goals, LAHD will consider other types of applications based on score.

5.7 Exceptions to Pipeline Order Pertaining To Small-Site Developments

For an anticipated Round 2 of a 9% CTCAC Competitive Round, if the amount of the tax credit request of the next 9% L.A. City Geographic project in the AHMP pipeline queue is such that it would make the aggregate total of all tax credit requests in the queue violate the CTCAC's 125% rule under Section 10325 (d)(2), the City may move up in the queue a smaller development seeking a smaller amount of 9% LIHTC, in accordance with the applicable CTCAC practices.

5.8 Tie Breaker

If multiple applications receive the same score, the following tiebreaker shall be employed:

Priority will be given on the proximity of the expiration of their commitments: the application with any existing funding commitment(s) from the City and/or non-City resource(s) that is at risk of recapture or loss, will be selected over an application that has existing funding commitment(s) but is not at risk of recapture or loss.

5.9 9% LIHTC Alternates

LAHD shall also identify the two (2) highest-ranking 9% applications from the list of projects that are not selected per Section 5.6, and designate them as "alternates" for the 9% CTCAC application rounds. To qualify for the alternate designation, the two 9% applications shall have passed the minimum threshold review.

Although alternates shall not be officially included in the AHMP pipeline, they will be utilized by LAHD in 9% CTCAC Funding Rounds where there is no available AHMP pipeline project that can advance AHMP's production goals. The length of term of alternates is coterminous with the term of the AHMP pipeline projects.

5.10 Multi-phased and/or Hybrid-Simultaneous Projects

For multi-phased and/or hybrid-simultaneous projects, both phases of a multi-phased development or hybrid model must obtain high enough scores that would make both phases qualify for admittance. If either phase fails to achieve an eligible score, both phases will not be admitted. For purposes of this subsection, LAHD defines a multi-phased project as set forth in CTCAC Section 10302 (2), and 10327 (c) (2)(C).

SECTION 6 PROJECT READINESS AGREEMENTS

6.1 General Provisions

Resulting from the Notice of Funding Availability, a limited number of developments shall be selected to enter into a Project Readiness Agreement (PRA). The number of developments selected will be consistent with the City priorities and available resources. Should an agreement not be reached between the City and the selected development sponsor on the terms of the PRA, the next highest scoring development of comparable characteristics will be chosen to enter into negotiations to execute a PRA. Applicant/developer will have a maximum of sixty (60) calendar days after the formal approval of their project to execute a PRA. Formal approval is defined as the date of City Council approval and Mayor's concurrence of the selected list resulting from the Notice of Funding Availability.

6.2 Conditions contained in a PRA

The PRA shall detail, among other facts and conditions, the number of affordable units to be produced, location, housing type, target population, affordability levels, applicant/developer and development team, compliance to the City's Borrower Compliance Policy by the developer and all current and future members of the development team, projected total development costs, maximum Public Funds subsidy, projected 9% LIHTC to be requested, timeline for performance and projected CTCAC round for allocation. In addition, applicant/developer will commit to abiding by all applicable local, state and federal regulations tied to current and future funding sources. Also, the PRA will document that the City may require the developer to withdraw its CTCAC application if not doing so will result in the unintentional bumping described in Section 9.1.

The PRA will document the mutual agreement between the City and the developer on the conditions needed to be met in order for the project to be "Ready" or achieve "Project Readiness," including, but not limited to, full entitlements, all other financing commitments.

6.3 Enforceable Commitments from the City through a PRA

To demonstrate the City's enforceable financial commitment for the purposes of applying for funding from other sources, the City will issue the PRA, or a supporting document, to document the City's financial commitment.

SECTION 7 PROJECT READINESS

“Project Readiness” Due Diligence Requirements - For a development to be determined with “Project Readiness,” all applicable items in the “Support Documents” tab of the on-line application must be submitted. The requirements to meet “Project Readiness” include, but are not limited to the following:

7.1 **Architectural Design Review**

The evaluation of all projects shall be based on, but not limited to, design standards related to site planning, common spaces/circulation, unit layout, and compliance with applicable accessibility standards.

7.2 **Engineering Inspection (for all rehabilitation projects)**

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

7.3 **Intentionally Left Blank**

7.4 **Architecture and Design Use Criteria**

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

All proposed projects shall undergo an architectural review. To meet the condition of Project Readiness, the project design should comply with LAHD Architectural Guidelines. CTCAC projects must score the minimum number of points according to CTCAC’s Sustainable Building Methods criteria as outlined in the Architectural Guidelines (Exhibit 01).

For “cosmetic rehabilitation projects,” applicants are required to submit a property needs assessment report or engineering inspection report as described in Section 7.2 of these AHMP Regulations. Aesthetic and environmental considerations will be part of the review process. Projects that reflect community input and support and serve to enhance the surrounding community are encouraged. In addition, applicants must make the proposed project architect aware of LAHD’s “Architect’s Consent and Assignment” policies as outlined in Exhibit 01.

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

7.4.1 Accessibility Certification Requirements

A State of California Certified Access Specialist (CASp) who is a licensed architect or engineer must be identified as part of the development team. The CASp cannot be the architect of record for the project.

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

- Section 504 of the Rehabilitation Act of 1973, as amended, and its implementing regulations at CFR Part 8, effective July 11, 1988 and the Uniform Federal Accessibility Standard (UFAS) 24 CFR Part 40;
- HUD’s Alternative Accessibility Standard published in the Federal Register May 23, 2014 (Vol. 70 Number 100) that allows recipients of HUD funds to use the 2010 ADA Title II Standards for Accessible Design except for the eleven UFAS sections deemed by HUD to provide greater accessibility;
- The 2010 Standards for State and local governments, which consist of the Title II regulations at 28 CFR 35.151 and the 2004 ADDAG at 36 CFR part 1191, appendices B and;
- The 2010 Standards for public accommodations and commercial facilities, which consist of the Title II regulations at 28 CFR part 36, subpart D, and the 2004 ADAAG at 36 CFR part 1191, appendices B and D;
- Title VIII of the Civil Rights Act of 1968 (Fair Housing Act) prohibits discrimination in the sale, rental and financing of dwellings based on race, color, religion, sex or national origin. Title VIII was amended in 1988 (effective March 13, 1991) by the Fair Housing Amendments Act that describes required construction standards for all multifamily properties. Fair Housing Act, 42 U.S.C. 3601, et seq; 24 CFR Parts 100, 103, and 104;
- The Fair Housing Act, compliance with the standards set forth in 24 C.F.R. § 100.205, including: ANSI A117.1-1986; and the Fair Housing Accessibility Guidelines, March 6, 1991, in conjunction with the Supplement to Notice of Fair Accessibility and Answers About the Guidelines, June 28, 1994 Housing Guidelines: Questions;

- California Building Code Chapters 11A & B (architect must include this note on title page of plans: “This is a publicly funded housing project and must comply with California Building Code Chapter 11B”).

Applicants/ developers/owners must list all applicable accessibility standards on the title page of the architectural plans, including 1) the designated FHA Safe Harbor for the project, and the following notation: “This is a publicly-funded housing project and it must comply with federal accessibility standards of California Building Code, Chapters 11A & 11B.”

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

- 4% of the total units in the project must be accessible to persons with sensory impairments;
- and,**
- 11% of the total units in the project must be accessible to persons with mobility impairments.

The 4% and the 11% calculations shall be based on the total number of units in the project. Required accessible dwelling units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout projects and sites, and shall be available in a sufficient range of sizes and amenities so that a qualified individual’s choice of living arrangements is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

Prior to Issuance of TCO:

Prior to issuance of a Temporary Certificate of Occupancy (TCO), the development must obtain a clearance from LAHD Accessible Housing Program (AcHP). The AcHP has been added to the ACOS (Automated Certificate of Occupancy System) within the Los Angeles Department of Building and Safety (LADBS) to ensure that the development complies with all applicable accessibility standards prior to LADBS’ issuance of a TCO.

Certificate of Occupancy (C of O):

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

At the time of application, an Accessibility Compliance Certification must be completed and signed by the applicant (see Attachment 2.24 and Exhibit 1 LAHD Architectural Guidelines) certifying that the development is compliant with applicable accessibility standards, must be submitted to and approved by LAHD at the following phases of the project development:

- **Accessibility Design Review Report** This report shall be conducted by a Certified Access Specialist (CASp) consultant and a complete set of architectural plans in “Pdf” must be submitted to LAHD AcHP for review and approval *prior* to the LADBS’ issuance of a building permit;
- **Accessibility Progress Inspection Reports** after all rough inspections have been signed off prior to closing of walls;
- **Final Accessibility Report** LAHD will shall not issue its approval/clearance for the issuance of a Temporary Certificate of Occupancy unless all non-compliant items in the units are corrected, and an accessible route exists to each of the units, from the public right-of-way to the development’s parking.

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

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

The cost of CASp activities and certifications should be included in the application’s project budget.

A list of State Certified Disabled Access Specialists can be found at the following link:

https://www.apps.dgs.ca.gov/casp/casp_certified_list.aspx

7.5 Defaults, Foreclosures and Citations

All applicants/developers, including partners and principals, must disclose bankruptcies, defaults or foreclosures, conflicts of interest or any event which could lead to a potential bankruptcy, default or foreclosure, or conflict of interest by completing and submitting the LAHD Credit Check Authorization (Attachment_2.9.4). For this purpose, violation of

terms, conditions and/or covenants, whether or not a Notice of Default has been recorded, is deemed a default. Failure to disclose an actual or potential bankruptcy, default or foreclosure, or conflict of interest, will result in the rejection of the application and/or will be considered an event of default in LAHD's loan documents. All code violations and their remediation on existing projects must also be disclosed. Additionally, LAHD's commitment of funds may be withdrawn if any of the above-mentioned actions are discovered after the commitment is made.

If disclosure is made with respect to the above, the applicant must provide a complete explanation of the circumstances and current status. LAHD, in its sole discretion, will determine if the explanation is acceptable. An unacceptable history of delinquencies, bankruptcies, defaults or foreclosures, or conflicts of interest are all, singularly or in combination, grounds for rejection of the application.

7.6 Failure to Comply with Davis-Bacon or State Prevailing Wage Requirements

Applicants/developers who have repeatedly attempted to avoid the payment of Davis-Bacon and/or State Prevailing wages, or who have been referred to the Department of Labor, the Department of Housing and Urban Development, the California Labor Commission or any other enforcement agency, may be disqualified. Additionally, any project that does not submit construction costs at the applicable Davis-Bacon/State Prevailing Wage rates may also be disqualified. An applicant must submit written certification that they will comply with Davis Bacon or State Prevailing Wage requirements (Attachment_2.5).

7.7 LAHD Business Policy

LAHD has worked with a substantial number of developers over the years to create affordable housing. However, in some cases, developers exceeded their capacity to complete projects that have received City funding commitments. In response, LAHD received approval from the Mayor and City Council to adopt the Department's Business Policy. The Business Policy provides direction concerning specific collection steps and renders applicants and their related partnerships ineligible for City assistance, if in non-compliance with loan agreements or other contract(s) with the City. Non-compliance includes, but is not limited to, any monetary or non-monetary compliance issues, such as failure to submit payments when due, failure to submit required financial statements in a timely manner, failure to submit documents verifying adherence to rent regulatory agreements when required, failure to comply with the requirements of any rent regulatory agreement or covenant, and failure to correct any building deficiency noted by any governmental agency in a timely manner. An application is deemed ineligible to compete for funding if any member of the applicant's ownership entity has an interest in a current project or projects that are in monetary, or non-monetary default. Rehabilitation projects involving properties placed into LAHD's Rent Escrow Account Program (REAP) under the current ownership and remaining out of compliance at the time of application, are also ineligible to compete for funding.

In accordance with the LAHD Business Policy, the applicant must provide a list of ALL residential income properties located within Los Angeles City limits that the applicant and the applicant's partners and/or principals have (or previously had) a vested interest in, including all properties currently or previously owned by any of the aforementioned

parties, regardless of funding source (Attachment_ 2.6.1.3). The list must be submitted in Microsoft Excel format. In addition, a complete and accurate list of the names of all persons and entities who are partners or principals in the project, including the name(s) of the applicant(s), must be provided (Attachment_2.9.3).

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

7.8 Contracts

Copies of all contracts entered into as part of the development of the proposed project must be submitted as part of “Project Readiness” and are subject to LAHD approval.

7.9 Property Management Plan

Skilled property management is critical to the success of affordable housing developments. As part of Project Readiness evaluation process, applicants/developers must submit a Property Management Plan (PMP) no later than sixty (60) days prior to the CTCAC Application deadline for which the project is scheduled to apply for tax credits. The PMP shall include a clear outline of the project’s Affirmative Marketing process, including detailed information concerning outreach to the various communities interested in leasing mobility and sensory accessible units, and ongoing monitoring of the occupancy in these units (Exhibit 4). The LAHD shall only accept PMPs that are completed using the template supplied by LAHD as Exhibit 4. Any PMP that is different from the LAHD-supplied template will not be accepted. In addition, before LAHD will commit to funding any loan for a project selected through the Notice of Funding Availability process, the developer must submit the qualifications of its management entity.

7.10 Project Feasibility

This category will determine whether the project, as proposed, is financially feasible and demonstrates long-term viability as an affordable housing project. Projects must use the underwriting criteria required by the identified leveraging source, in combination with LAHD guidelines detailed in Section 3 of these AHMP Regulations.

7.10.1 Assessment of Cost and Contractor’s Cost Certification

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

Builder overhead, profit and general conditions/requirements are limited to 14% of

the construction cost. Construction contingency allowances must be allocated outside the proposed construction contract amount, and should be between 5% and 10% of the total construction costs for new construction, and between 10% and 15% for rehabilitation projects.

Please refer to Section 3.7.7.5 – *Cost Certification* for details regarding specific requirements under these AHMP Regulations.

7.10.2 Assessment of Long-Term Viability

For proper evaluation of construction costs, it is recommended that the developer submit all pertinent information that impacts construction cost. This may include but is not limited to the assessment of the project's long-term viability. All projects must demonstrate viability supported by a 15-year cash flow proforma which shows positive cash flow. The reasonableness of the operating expenses, reserves, and overall assumptions will be analyzed in relation to the type and size of the development. Operating subsidies reflected in the proforma must be supported by commitments which can reasonably be relied upon. The marketability of the project, in terms of how suitable the proposed rents are relative to the market, will also be taken into account in assessing long-term viability.

7.11 Architectural Design Review

All proposed projects will be evaluated on design issues related to site planning, common spaces/circulation, unit layout, and compliance with applicable accessibility standards.

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

7.12 Land Use Covenants

The Los Angeles City Planning Department's Conditions of Approval for any project receiving a Density Bonus or other incentive will require that prior to loan closing, a land use covenant is recorded to restrict the units to the HCD rent levels. Exceptions are allowed pursuant to the Zoning Administrator's Interpretation Case No. ZA-2009-2676, Section 12.22-A, 25(d)(2) of the Los Angeles Municipal Code – Density Bonus Provisions.

Immediately following an award from the leverage source (e.g., CTCAC tax credit allocation), applicant/developer must contact the LAHD Land Use Unit and submit necessary documentation to allow LAHD ample time to process and record the land use covenant prior to loan closing.

7.13 **Formation Documents**

The following due diligence items are required for Project Readiness:

- A. With respect to a corporation:
 - 1) Certificate of Good Standing issued by the Secretary of State, issued within six months prior to the Notice of Funding Availability application deadline;
 - 2) Articles of Incorporation;
 - 3) By-laws, which reflect as one of its purposes, the development and/or management of affordable housing;
 - 4) Current list of Board of Directors;
 - 5) A certified copy of a resolution of the Board of Directors, executed within 90 days of the Notice of Funding Availability application deadline. The resolution must include:
 - a. Authorization to participate in the Notice of Funding Availability;
 - b. Authorization to enter into and execute any and all contractual obligations, including but not limited to the City of Los Angeles Land Use Regulatory Agreement, Loan Agreement, and other documentation, as may be required by the City of Los Angeles;
 - c. Names and offices of the authorized signatories who may act on behalf of the corporation, based on the required categories below.
 - 6) If the borrowing entity is a not-for-profit corporation, a copy of its 501 C (3) or (4) designation must also be submitted

- B. With respect to a California Limited Partnership:
 - 1) A certified copy of the certificate of limited partnership (form LP-1), and any amendment thereto (form LP-2) recorded in public records;
 - 2) A full copy of the partnership agreement and any amendments;
 - 3) Satisfactory evidence of the consent of a majority in interest of the limited partners for the limited partnership to participate in the Notice of Funding Availability and to enter into and execute any and all contractual obligations, including but not limited to the City of Los Angeles Land Use Regulatory Agreement, Loan Agreement, and other documentation, as may be required by the City.

- C. With respect to Limited Liability Company:
 - 1) A copy of its operating agreement and any amendments thereto
 - 2) A certified copy of its Articles of Organization (LLD-1) and any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of article of organization (LLC-10) recorded in public records

- D. With respect to a Joint Venture:
 - 1) All documents in this section (as applicable) must be submitted by both parties of the joint venture.

A sample signature block to be used in execution of loan documents entered into with LAHD is required.

Pursuant to California Corporations Code §313 and *Snukal v. Flightways* (2000) 23 Cal. 4th 754, all documents executed or entered into with a corporation should have the signature of an officer in each of the following two categories:

1. Chairman of the Board, President, or any Vice President; and
2. Secretary, any Assistant Secretary, Chief Financial Officer, Treasurer, or any Assistant Treasurer.

However, the signature of the Executive Director **and** a signature from either category listed above will suffice.

A current Business Tax Registration Certificate issued by the City of Los Angeles is also required.

7.13.1 Financial Statements

Financial statements of the organization of the borrower/applicant, for the last three years (Balance Sheet, Income Statements, and Cash Flow Statements with notes) shall be submitted for Project Readiness review.

7.14 Identities of Interest

An applicant must provide identification of any persons or entities (including affiliated entities) that plan to provide development or operational services to the proposed project in more than one capacity, and full disclosure of related parties, as defined.

Related party is defined to include:

- The brothers, sisters, spouse, ancestors, and direct descendants of a person;
- A person and corporation where that person owns more than 50% in value of the outstanding stock of that corporation;
- Two or more corporations that are connected through stock ownership with a common parent with stock possessing:
 - at least 50% of the total combined voting power of all classes that can vote, or
 - at least 50% of the total value of shares of all classes of stock of each of the corporations, or
 - at least 50% of the total value of shares of all classes of stock of at least one of the other corporations, excluding, stock owned directly by that other corporation, in computing voting power or value;
- A grantor and fiduciary of any trust;
- A fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts;
- A fiduciary of a trust and a beneficiary of that trust;
- A fiduciary of a trust and a corporation where more than 50% in value of the outstanding stock is owned by or for the trust, or by or for a person who is a grantor of the trust;
- A person or organization and an organization that is tax-exempt under Subsection 501(a) of the Internal Revenue Code and that is affiliated with or controlled by that person or the person's family members or by that organization;

- A corporation and a partnership or joint venture if the same persons own more than:
 - 50% in value of the outstanding stock of the corporation; and
 - 50% of the capital interest, or the profits' interest, in the partnership or joint venture.

7.15 Supportive or Enhanced Services Plan

All projects must submit for LAHD's approval a supportive services plan that is appropriate to the target population (Attachment_7.15). The plan shall contain 1) details of the services to be provided to the target population, 2) frequency of services, 3) monitoring of clients' participation in services and measurement of clients' successful completion of services. The information on supportive service provider(s) that includes provider's prior experience working with the targeted population in permanent supportive housing and its success rates, must be identified in the plan. Letters of commitment and/or contractual agreements with those agencies, showing sufficient funding, must be provided.

The supportive services plan shall include a services "Sources and Uses" budget, clearly stating all anticipated income and expenses associated with the services that are being proposed for the project. The budget shall be consistent with the services commitments submitted (i.e. MOUs, contracts, letters, etc.) and should only be approved by LAHD if it adequately accounts for the level of service. Budgeted amount must be reasonably expected to cover the costs of the proposed level of service. The budget should specify the project's total number of chronically homeless units and/or homeless with special needs units, if there are any. In addition, the plan shall specify:

- The total number of case manager/s or service coordinator/s and including their annual salaries;
- The number of chronically homeless and/or special needs units, if there are any.

The Case Manager-to-tenant ratios shall be consistent with Section 3.3 of the Regulations and/or requirements of other outside funding sources or operating subsidies.

Developments will be required to receive applicant referrals from the County Departments and collaborate with the applicable County Departments to finalize the supportive services plan to serve this population. Developments may also use the Coordinated Entry System for applicant referrals. Applicants are encouraged to complete as much of the supportive services plan as possible and should indicate in it that they will collaborate with the County Departments on the final supportive services plan.

Any project with a commitment to provide Measure H supportive services from a Los Angeles County Health Agency (e.g. the Departments of Health Services (DHS), Mental Health (DMH) and Public Health (DPH)) must, at the time of Project Readiness, provide a letter from the L.A. County Health Agency identifying its intent to provide services for special needs units in the proposed project. If supportive services are provided by the L.A. County Health Agency for a Special Needs population, a Supportive Service Plan is not required for that population. If you wish to have supportive services provided to your project by the L.A. County Health Agency, please contact the LA County Department of Health Services, Housing for Health, for a commitment letter. The commitment letter should then be included in the Project Readiness due diligence submittals.

A Supportive Service Plan with an identified lead service provider is required at the time of Project Readiness for any general low-income units or Special Needs units in the proposed project that are not supported by the L.A. County Health Agency.

For projects applying for HUD-VASH PBVs, referrals must be taken from, or approved by, Veterans Affairs. Applicants must collaborate with Veterans Affairs and the County Departments on supportive services.

Details regarding the supportive service requirements must be obtained from the HACLA Notice of Funding Availability. For discrepancies between these AHMP Regulations and HACLA's PBV NOFA requirements, the HACLA requirements will prevail.

7.15.1 Supportive Services Plan for Supportive Housing Units

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

7.16 Evidence of Approvals Necessary to Begin Construction or Clearance Sign-offs for Attachment 14 of CTCAC Application

Applicants/developers must provide evidence, as verified by the appropriate officials from the Department of Building and Safety and/or Department of City Planning, of the site plan approval, design review approval, conditional use permit, variance approval, CEQA environmental clearance, Coastal Commission Approval, and other requirements, with the exception of NEPA environmental clearance, Article 34 Authority, Toxic and Soils Report. To show evidence that these requirements to begin construction are either finally approved or unnecessary, project sponsors shall obtain signatures on Attachment 14 of the CTCAC Application from appropriate approving agencies (Attachment 7.16).

7.17 LAHD's Approval of Requested Amounts for 9% L.A. City Geographic Region Tax Credits

Ninety (90) days prior to a CTCAC application deadline, as a condition for "Project Readiness," each project that will be queued to apply for 9% L.A. City Geographic Region Tax Credits (*see Section 8.2*) shall submit a request to LAHD, for approval of the requested amount of tax credits.

Upon receipt of these requests, the LAHD will review each project's initial tax credit amount as represented in the project's NOFA application, and compare these with the requested amounts, and will identify any increased requests. LAHD will only approve requests to the extent that there are sufficient credits available for all projects applying in a given round. Applications for projects with increased credit requests that cannot be accommodated may be delayed until a future round with available credit.

SECTION 8
PIPELINE ORDER ENFORCEMENT AND AHMP CALENDAR

8.1 Parameters for the AHMP Calendar

The following parameters shall be implemented by LAHD Staff to develop and maintain the AHMP Calendar:

- Developers will schedule themselves for CTCAC Funding Rounds when they determine their readiness; LAHD staff will verify a reasonable timeframe for readiness.
- For the Set-asides, LAHD will schedule projects to use a maximum of approximately 75% of the tax credits available statewide, in a given CTCAC Funding Round.
 - If two or more Set-aside/Permanent Supportive Housing developments request the same CTCAC Funding Round, LAHD will apply the following tie-breakers to schedule projects based on the preceding parameter:
 1. Developments with committed operating subsidies (Housing Assistance Program (HAP) funding, Project-Based Section 8 Vouchers (PBV), or Veterans Affairs Supportive Housing (VASH));
 2. Developments with committed financing having Placed-in-Service deadlines;
 3. Highest LAHD Verified Score first, lowest score last.
- For the L.A. City Geographic Region, LAHD will schedule projects to use a maximum of 125% of the tax credits available per round.
 - If two or more L.A. City Geographic Region developments request the same CTCAC Round, LAHD will apply the following tie-breakers to schedule projects based on the preceding parameter:
 1. Developments with committed financing having Placed in Service deadlines;
 2. Highest LAHD Verified Score first, lowest score last;
 3. Small developments.
- Allowable number of projects per developer, per round: LAHD agrees to be flexible and follow the parameters and tie-breakers above. However, consistent with CTCAC's Qualified Allocation Plan (QAP), LAHD will observe a cap of three projects per developer, per round;
- If a project is not ready to apply for its scheduled CTCAC Funding Round, the project drops down to the next open slot;
- Applicants/developers must provide LAHD with "Proof of Readiness to Apply for LIHTC" ninety (90) days prior to their slotted CTCAC round deadline;

- The AHMP Calendar must meet the deadlines of other public sources.

8.2 Publication of Pipeline List

The City will publish the Pipeline upon inception, and every time the Pipeline is modified either through addition via a Notice of Funding Availability, or deletion via the full-funding of developments through 9% LIHTC, or any other financing structure. The current pipeline will always be available for public view at the LAHD website. Publication of the Pipeline will be consistent with Section 8.1 above. Moreover, the City will publish a reasonable amount of information of applications under review and at several milestones prior to formal approval by the City Council and concurrence by the Mayor.

8.3 Issuance of Local Review Letter

The CTCAC application requires a Local Review Letter for each development seeking 9% LIHTC. The City, through LAHD, issues the local review letters for developments located within the City. In support of the Pipeline, the City will only issue the City's "Strong Support" in a Local Reviewing Agency (LRA) letter to 9% LIHTC-seeking developments coming out of the City's AHMP; and in the order in which projects are authorized to apply. By adoption of these policies, the Mayor and City Council have selected LAHD as the sole entity of the City authorized to issue the Local Review Letter. Any developer that applies to CTCAC for an allocation of 9% LIHTC for an affordable housing development located within the City of Los Angeles, but did not go through the Pipeline or applies out of order without LAHD's written consent, will receive an LRA letter indicating "Strongly Oppose."

8.4 Negative Points

Any developer that applies to CTCAC for an allocation of 9% LIHTC for an affordable housing development located within the City of Los Angeles, but did not go through the AHMP Pipeline or applies out of order without LAHD's written consent, will be assessed fifty negative (-50) points on their next applications for the following three (3) years beginning from the date on which the application to CTCAC was submitted.

8.5 Line-up of 9% LIHTC L.A. City Geographic Projects

As part of its strategy to ensure allocation of the entire L.A. City Regional Apportionment of 9% LIHTC to City developments, the City may choose to allow for more applicants to request for tax credits than there are available 9% LIHTC in a CTCAC Funding Round. This strategy is designed to account for any of the City-supported applications that may be declined due to unforeseen reasons which could cause a delay in moving projects forward as they are scheduled in the Pipeline Calendar, and to minimize the impact of applications of the City developments being declined.

The LAHD shall select a next "Ready" project from the AHMP Pipeline and shall be included in the group of projects that will be allowed to apply to CTCAC in a given funding round, provided that it satisfies the following requirements:

- Its applicant/developer has demonstrated, to the LAHD's satisfaction, that the project has achieved readiness;
- It has the highest LAHD-verified score among the next group of projects in the AHMP Calendar that is scheduled to apply to CTCAC;

- Its tax credit request in combination with requests of all City projects in that round minus any of the unsuccessful project, will not cause the L.A. City Region’s aggregate award amount to exceed 125 percent (125%) of the amount originally available for the region in that funding round.

At LAHD’s discretion, in a CTCAC Funding Round where a City-supported application in the L.A. City Geographic Region would be declined, a City-supported application that is concurrently applying under the Special Needs or Non-profit Set-Aside, may be allowed to drop-down if the latter is perceived to be unsuccessful in that Set-Aside.

8.6 Expediting the AHMP

In the interest of increasing and expediting production of affordable housing, the City may elect to propose alternative financing structures to the affordable housing developments in the Pipeline. Such propositions will be made in the order of priority per the published Pipeline described in Section 8.1 above. Should the developer next in line not accept a re-structure, the City may approach the next developer in line. In addition, if the opportunity arises to shift one affordable housing development from one set-aside pool to another, with the end result being expediting the Pipeline, the City may, at its sole discretion, take advantage of that opportunity.

8.7 Unsuccessful CTCAC Applications

Should any development be rejected twice by CTCAC due to technical deficiencies in the application, and not due to competitiveness, the development will be moved to the end of the corresponding set-aside pipeline; in the back of the development that most recently achieved “Project Readiness.”

8.8 Coordination with City of Los Angeles Housing Authority (HACLA)

The coordination between the LAHD and HACLA and the mutual selection and ultimate award of Project-based Vouchers and Veterans Affairs Supportive Housing Vouchers, will take into consideration the City’s early selection process and resulting active pipeline management.

8.9 Tax-exempt Bond/4% LIHTC Projects with non-City Enforceable Commitments

The City will accept applications through its Notice of Funding Availability, until further notice, from affordable housing developments seeking City-administered financial resources to finalize a Bond/4% LIHTC transaction. Affordable housing developments applying under this caveat must meet all Threshold Criteria in Section 2, with the added stipulations that, (1) the request for City-administered financial resources cannot exceed the loan limits described in Section 2.4 above, (2) the average affordability of the proposed affordable housing development must be in accordance with Section 2.18 above, and (3) must meet the minimum requirements of the most restrictive funding source.

8.10 Intentionally Left Blank

8.11 Other City-Administered Funds

From time to time, the City may administer additional funds for multi-family affordable housing developments (e.g. Neighborhood Stabilization Funds, or Sustainable Building Funds from the Los Angeles Department of Water and Power, etc.). The City will

coordinate the award and disbursement of said funds in alignment with, and as a part of, the Pipeline.

8.12 Timing of Applying for a non-City Controlled Financial Resource

The LAHD and applicant/developer shall mutually agree on the timing by which a project shall be required to apply for funding from a leveraging source that is originally identified in the application, in accordance with the project's development timeline. At its sole discretion, the LAHD shall allow applicants/developers to revise financing strategies for their project, **if and only if** 1) there are changes to the leveraging source's regulations, regulatory requirements, or scoring criteria that make the pipeline project ineligible or noncompetitive, or 2) there are new funding sources that become available, or 3) there is an alternate project in the AHMP pipeline that can be utilized as a substitute for a 9% LIHTC project that is requesting to switch its financial structure to 4% LIHTC/Bonds. In these cases, an applicant/developer shall submit a revised financing strategy to LAHD. The revised financing strategy must be submitted to LAHD no later than sixty (60) calendar days prior to the leveraging source's application deadline. The applicant/developer must receive LAHD's written approval of the revised financing plan in order to avail of other City-controlled documents, e.g. Letter of Support, Article 34, Funding Award Letter, etc.

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

In accordance with Section 1.10.8 LAHD reserves the right to withdraw its funding commitment if misrepresentations were made regarding the borrowing entity or the project financing.

8.13 LAHD's Compliance to HUD HOME Funding Requirements

The management of the projects in the pipeline shall be in a manner that ensures LAHD's compliance with HUD's commitment, funding, and expenditure requirements. All AHMP Pipeline projects shall comply with all applicable federal, state and local laws, as may be amended from time to time. Per Section 1.2, regardless of the leveraged funding source, all projects are to be underwritten assuming HUD HOME Investment Partnership Program Funds (HOME). Therefore, projects must be in conformance with Code of Federal Regulations (CFR) Title 24 Part 92 Subpart F. Specifically, 24 CFR § 92.251 pertaining to property standards, including but not limited to 1) state and local codes, ordinances, and zoning requirements, 2) accessibility, 3) disaster mitigation, 3) written cost estimates, 4) construction progress inspections, and 5) broadband infrastructure, and 24 CFR 92.359 pertaining to requirements under the Violence Against Women Act.

SECTION 9
RELATIONSHIP BETWEEN
SET-ASIDE AND GEOGRAPHIC APPORTIONMENT PROJECTS

9.1 Disallowed Unintentional Bumping

If a development is not competitive enough to be awarded 9% LIHTC from the set-aside pool under which it applied, the applicant/developer will be required to withdraw the application. This condition will be initially documented in the PRA, and further documented in any commitment of Public Funds issued for inclusion in the development's 9% LIHTC application. Any such development that does not get funded from the set-aside under which it applied shall apply one more time under the same set-aside at the next available CTCAC Funding Round. Prior to re-application, the City and the applicant/developer will evaluate the development's competitiveness and make adjustments, as appropriate.

9.2 Intentional Bumping

If an affordable housing development re-applies for 9% LIHTC under the same set-aside under which it was previously denied funding, and after which the City and the applicant/developer re-evaluated said project and re-positioned it for competitiveness, and subsequently gets bumped into the City of Los Angeles Geographic Pool, the City may allow, at its sole discretion, the intentional drop into the City of Los Angeles Geographic Apportionment.

9.3 Re-structuring Developments

To allow the City to expedite the flow of projects through the Pipeline, and/or to allow the LAHD to meet HUD's requirements for commitments, funding, and expenditures, the LAHD may opt to re-structure bumped or unsuccessful developments. For example:

- If the LAHD allows for the drop of a set-aside development into the City of Los Angeles Geographic Apportionment, thereby bumping out of funding range a City of Los Angeles Geographic Pool applicant, the City may opt to re-structure the bumped development as a Bond with 4% LIHTC and additional HOME funds;
- As a general practice, if a Pipeline project has an expiring commitment from another public agency e.g. LA County CDC and/or HACLA, and is unsuccessful in a CTCAC Funding Round, and LAHD perceives that the project will require additional subsidy to make its final CTCAC tiebreaker score competitive, and as a result of adding more public subsidy, the difference between the dollars raised in selling competitive 9% credits and the 4% credits, will significantly decrease, the LAHD may opt to re-structure the development as a Bond with 4% LIHTC and additional HOME Funds;
- The LAHD may, from time to time, elect to issue its consent to re-structure a pipeline project to allow LAHD to meet HUD's commitment, funding, and expenditure requirements. Only in such cases, LAHD in its sole discretion, may use the most current subsidy limits under the HUD HOME Program, in place of the LAHD maximum subsidy limits regardless of the leveraging source or housing

type. In cases where HUD may adjust these limits, the LAHD limits will be adjusted accordingly, as applied to this section.

SECTION 10
OTHER CITY-ADMINISTERED RESOURCES

10.1 Local Review Letter

The CTCAC application requires a Local Review Letter for each development seeking 9% LIHTC. The City, through LAHD, issues the Local Review Letter for developments located within the City. The City will issue local support letters in alignment with, and as a part of, the Pipeline.

10.2 Land Use Covenant for Affordable Housing

The City processes land use covenants whereby affordable housing developers are granted density bonuses and/or parking reductions in exchange for building affordable housing. The City will process land use covenants in alignment with, and as a part of, the Pipeline.

10.3 Support for the Issuance of Building Permits

All new construction and significant rehabilitation requires building permits issued by the City through the Department of Building and Safety. When required by established protocols, the Department of Building and Safety consults and seeks the concurrence of LAHD prior to issuing a building permit. The LAHD will support the issuance of building permits in alignment with, and as a part of, the Pipeline.

10.4 Affordable Housing Exemption

The City, through LAHD, administers an affordable housing exemption to the Rent Stabilization Ordinance (RSO). Among other benefits, the affordable housing exemption allows owners to base rent increases on HUD published income limits, and not the City's annual rent increases. The City will process affordable housing exemptions in alignment with, and as a part of, the Pipeline.

**AHMP REGULATIONS
NOTICE OF FUNDING AVAILABILITY DOCUMENT CHECKLIST**

THRESHOLD ITEMS
Applicable items from the following list must be completed and submitted with the AHMP application:
Att_2.1 – Completed UNOFA application and Financial Proforma
Att_2.1.1 – Supplemental AHSC Application Questionnaire/Workbook
Att_2.2.1 – Preliminary Title Report dated within 90 days of app deadline; and Evidence of Site Control
Att_2.2.2 - Voluntary Acquisition Letter with proof/s of service
Att_2.2.3 – Retroactive Voluntary Acquisition Letter
Att_2.2.3 (1) - Gen. Info. Notice - Residential Tenant Not to be Displaced
Att_2.2.3(2) - Gen. Info Notice - Residential Tenant Who May Be Displaced
Att_2.2.3(4) – Gen. Info Notice – Commercial Tenant Who May Be Displaced
Att_2.5 - Applicant's/Borrower's Certification Statement
Att_2.6.1.4 – List of Properties
Att_2.8 – Minimum Level of Equity; Contributed Land Agreement
Att_2.9.1 - Organization Chart
Att_2.9.3 - List of Entities and Names of Partners
Att_2.9.4 – Credit Check Authorization Form
Att_2.9.5 - List of Board of Directors, signed and dated
Att_2.9.7 – Board Resolution
Att_2.10 – Dated color photographs of project site & all properties surrounding the site; Project description; list of properties that appear to be historic, if any.
Att_2.12.1 - Appraisal Report
Att_2.12.2 - Phase I Report; or Phase I Report including Phase II Report if needed
Att_2.12.3 - Lead & Asbestos Report(s); or Letter(s) in lieu of report(s)
Att_2.13 – Assurances and Conditions Form
Att_2.14 (1) – Affordable Housing Entitlement Self-Certification Form
Att_2.14(2) – Transit-Oriented Communities (TOC) Affordable Housing Referral Form
Att_2.15 – Letter from LAHSA re: Family CES (<i>if applicable</i>)
Att_2.16 – Conceptual Architectural Plans or Schematics

Att_2.17 – LAHD Competitive Criteria Self-Score Form
Att_2.18 – Copy of Section D(2) Lowest Income for 10% from Points System Tab of TCAC Application
Att_2.20 (1) – Relocation Plan
Att_2.20 (2) – Relocation Consultant’s Resume / Qualifications
Att_2.20 (3) – Relocation Tenant Rent Roll
Att_2.20 (4) – Relocation – Project Summary Assessment
Att_2.23 – Soils Report, or Affidavit from General Partners, Pertaining to Soils Report
Att_2.24 – Self-Certification Form for Compliance to Access Standards
Att_2.25 – Construction Cost Estimate and Certification by a 3 rd party estimator

ADDITIONAL ITEMS IN ORDER TO RECEIVE POINTS UNDER SECTION 5 <i>(If applicant is proposing to garner competitive criteria points under committed funding sources, general partner/management company experience, CHDO certification, Enhanced Accessibility Program, etc):</i>
Att_5.1.1.A – Evidence of Entitlement Approval/Entitlement Application Submittal
Att_5.1.1.B – Copy of the completed “Points System” Tab of TCAC Application
Att_5.1.2 – Committed Funding Sources – Evidence of Enforceable Commitments
Att_5.2.1 – General Partner Experience List of Projects in Operation and Certification from a Third Party Certified Public Accountant, and Resume/Curriculum Vitae of Key Person
Att_5.2.2 – CHDO Certification
Att_5.2.3.A – BIPOCS: Executed Partnership Agreement, or
Att_5.2.3.B – Certification from a third-party CPA, Resume/ Curriculum Vitae of the BIPOC Key Person and Certificate of Occupancy,
Att_5.2.4 – Property Management Company Experience and Letter of Interest from the Property Management Company
Att_5.3.1.A – ZIMAS Report for the proposed site/s
Att_5.3.1.B – Screen print of a TCAC Opportunity Map for the proposed site
Att_5.3.2 – ELI Units - Copy of Section D(2) Lowest Income for 10% from Points System Tab of TCAC Application
Att_5.4 – Completed Enhanced Accessibility Program checklist and signed certification form