

## Los Angeles Housing Department Term Sheet Pooled Sources Preservation Program

<b>Program Description</b>	<p>The Pooled Sources Preservation Program is offered by the City of Los Angeles to preserve and modernize existing affordable housing.</p> <p>The Pooled Sources Preservation Program provides financial assistance to projects that require rehabilitation to improve and extend the building's useful life.</p> <p>Proposals under this program will be solicited via a "Homes for LA NOFA" that is anticipated to open on September 5, 2025. Applications are expected to be due on October 20, 2025.</p>
<b>Available Capital Funds</b>	<p>Through this Homes for LA NOFA, LAHD will provide up to <b>\$77.6 million</b> as part of the Pooled Sources Preservation Program. Funding is to be provided through HOME, California Permanent Housing Local Assistance, and Los Angeles Affordable Housing Linkage Fee funding. The total amount of available capital funds will be confirmed with the publication of the Homes for LA NOFA.</p> <p>This program utilizes HOME funding. All details related to HOME funding regulations can be found in Section 4 of the Homes for LA NOFA Program Regulations.</p>
<b>Eligible Applicants</b>	<p>Non-profit developers, for-profit developers, joint ventures, limited liability corporations, and limited partnerships.</p>
<b>Eligible Projects and Requirements</b>	<p><u>Eligible Project Types:</u></p> <ul style="list-style-type: none"> <li>Substantial rehabilitation/reconstruction, and preservation without acquisition</li> </ul> <p><u>Project Size:</u></p> <ul style="list-style-type: none"> <li>No maximum or minimum</li> </ul> <p><u>Labor Compliance:</u></p> <ul style="list-style-type: none"> <li>Must pay State Prevailing Wage and Davis Bacon (Section 4), as applicable</li> </ul> <p><u>Outside Leveraging:</u></p> <ul style="list-style-type: none"> <li>Project financing must include existing commitments from federal, state, county or non-City funding sources, or a commitment and demonstrated capacity to pursue the same within the project timeline.</li> <li>Projects in this funding program are NOT required to seek LIHTC</li> </ul>
<b>Affordability Requirements and</b>	<p><u>Affordability Requirements:</u></p> <p>Except for the manager's unit(s), all units must be covenanted to be affordable</p>

<b>Rent Schedules</b>	<p>to households earning 80% Area Median Income (AMI) or below.</p> <p><u>Rent Schedules:</u> LAHD will apply HUD/LIHTC income targeting and rent schedules, with the exception of when projects or units in the project are subject to regulatory agreements that require Health and Safety Code income targeting and rent schedules.</p>
<b>Eligible Activities</b>	<ul style="list-style-type: none"> <li>• Rehabilitation: Renovation of existing structures to meet affordable housing standards;</li> <li>• Tenant Relocation Assistance: Costs associated with relocating existing residents during project development. Activities must be directly tied to the creation or improvement of affordable housing options.</li> </ul>
<b>Ineligible Activities</b>	<ul style="list-style-type: none"> <li>• Substitution for any committed permanent project financing source, unless the substitution was approved at the time of commitment.</li> <li>• Costs associated with units not funded by the City of Los Angeles.</li> <li>• Replacement reserves.</li> <li>• Commercial space or tenant improvements.</li> <li>• Reimbursement for project costs that have been paid by another project funding source unless the reimbursement was approved at the time of commitment.</li> <li>• Travel expenses, food, or meals.</li> <li>• Application fees for other project financing.</li> <li>• Office or general organizational expenses.</li> <li>• Costs that would normally be paid by the Limited Partnership or Limited Liability Company.</li> <li>• The payment of delinquent taxes, fees, or charges on properties.</li> <li>• Projects that do not conform to local zoning laws or housing codes.</li> <li>• Developments solely intended for commercial use or mixed-use projects without dedicated affordable housing components.</li> <li>• Costs associated with operations unrelated to the development or improvement of affordable housing, such as luxury amenities that do not serve low-income residents.</li> <li>• Any application submitted post-deadline will not be accepted, impacting both processing and funding opportunities.</li> </ul>
<b>Loan Assistance and Term Limits</b>	<p><b>Limit:</b> The maximum LAHD soft loan is up to 30% Loan-to-Costs as supported by the project's Capital Needs Assessment (CNA).</p> <p><b>Interest Rate:</b> Three Percent (3%) simple interest. LAHD reserves the right to determine a lower interest rate of no less than 1% if it is found to be necessary for project feasibility.</p> <p><b>Term of Loan: Fifty-Seven (57) years</b> (i.e. a <b>24-month construction period</b> followed by a <b>fifty-five (55) year permanent loan period</b>). LAHD reserves the right to negotiate a longer term if it is determined necessary for financial feasibility.</p>

	<p><b>Term of Affordability Covenant:</b> The term of the affordability covenant is required to be fifty-five (55) years from completion of construction, or for the maximum period required by CTCAC, HCD, HUD, or CDLAC, whichever is longer.</p> <p><b>Type:</b> Rehabilitation/Construction and Permanent loans. These loans will be provided in the form of residual receipts loans.</p> <p><b>Subordination:</b> The subordination of the regulatory agreement for Pooled Sources Preservation projects indicates that LAHD can, at its discretion, subordinate repayment, security positions, and affordability covenants to a conventional lender or other public agency lender.</p>												
<b>Threshold Requirements</b>	<p>Threshold requirements for this program are enumerated in the table below:</p> <table> <tr> <th>Threshold Item</th><th>Required Documents</th></tr> <tr> <td><b>1:</b> Project demonstrates Financial Feasibility</td><td><b>Document 1:</b> Completed UNOFA Application and Financial Proforma; ULA Operating Assistance applicants must also provide a Variance Analysis as part of the Proforma showing causes of operating gaps;</td></tr> <tr> <td><b>2:</b> Project sponsor must disclose potential conflicts of interest and legal/financial liabilities</td><td><b>Document 2:</b> Sponsor must submit a signed certification disclosing all partnerships, corporations, all properties owned by the applicant, and other entities in which the sponsor is a principal (identities of interest, conflicts of interest and default/foreclosures);</td></tr> <tr> <td><b>3:</b> Project must have Site Control and Clean Title</td><td><b>Document 3:</b> Fully Executed Purchase and Sale Agreement (PSA), Development and Disposition Agreement (DDA), etc.; and, Preliminary Title Report ; Projects applying for HUD-funded programs must also provide Proof of Voluntary Acquisition;</td></tr> <tr> <td><b>4.</b> Project sponsor must pass Sponsor Underwriting</td><td><b>Document 4:</b> Project sponsor must submit the proposed ownership and management structure of the project, as well as key organizational documents of the sponsor; Project sponsor must submit Audited Financial Statements (AFSs) with lookback period of three (3) years, and a Real Estate Owned (REO) Schedule;</td></tr> <tr> <td><b>5:</b> Project site valuation must be supported by an appraisal</td><td><b>Document 5:</b> Project sponsor must submit a certified appraisal;</td></tr> </table>	Threshold Item	Required Documents	<b>1:</b> Project demonstrates Financial Feasibility	<b>Document 1:</b> Completed UNOFA Application and Financial Proforma; ULA Operating Assistance applicants must also provide a Variance Analysis as part of the Proforma showing causes of operating gaps;	<b>2:</b> Project sponsor must disclose potential conflicts of interest and legal/financial liabilities	<b>Document 2:</b> Sponsor must submit a signed certification disclosing all partnerships, corporations, all properties owned by the applicant, and other entities in which the sponsor is a principal (identities of interest, conflicts of interest and default/foreclosures);	<b>3:</b> Project must have Site Control and Clean Title	<b>Document 3:</b> Fully Executed Purchase and Sale Agreement (PSA), Development and Disposition Agreement (DDA), etc.; and, Preliminary Title Report ; Projects applying for HUD-funded programs must also provide Proof of Voluntary Acquisition;	<b>4.</b> Project sponsor must pass Sponsor Underwriting	<b>Document 4:</b> Project sponsor must submit the proposed ownership and management structure of the project, as well as key organizational documents of the sponsor; Project sponsor must submit Audited Financial Statements (AFSs) with lookback period of three (3) years, and a Real Estate Owned (REO) Schedule;	<b>5:</b> Project site valuation must be supported by an appraisal	<b>Document 5:</b> Project sponsor must submit a certified appraisal;
Threshold Item	Required Documents												
<b>1:</b> Project demonstrates Financial Feasibility	<b>Document 1:</b> Completed UNOFA Application and Financial Proforma; ULA Operating Assistance applicants must also provide a Variance Analysis as part of the Proforma showing causes of operating gaps;												
<b>2:</b> Project sponsor must disclose potential conflicts of interest and legal/financial liabilities	<b>Document 2:</b> Sponsor must submit a signed certification disclosing all partnerships, corporations, all properties owned by the applicant, and other entities in which the sponsor is a principal (identities of interest, conflicts of interest and default/foreclosures);												
<b>3:</b> Project must have Site Control and Clean Title	<b>Document 3:</b> Fully Executed Purchase and Sale Agreement (PSA), Development and Disposition Agreement (DDA), etc.; and, Preliminary Title Report ; Projects applying for HUD-funded programs must also provide Proof of Voluntary Acquisition;												
<b>4.</b> Project sponsor must pass Sponsor Underwriting	<b>Document 4:</b> Project sponsor must submit the proposed ownership and management structure of the project, as well as key organizational documents of the sponsor; Project sponsor must submit Audited Financial Statements (AFSs) with lookback period of three (3) years, and a Real Estate Owned (REO) Schedule;												
<b>5:</b> Project site valuation must be supported by an appraisal	<b>Document 5:</b> Project sponsor must submit a certified appraisal;												

<b>6:</b> Project sponsor must commission Environmental Site Assessments (ESAs) and remediate hazards	<b>Document 6:</b> Project sponsor must submit recent Phase I and/or Phase II ESAs;
<b>8:</b> Projects involving demolition must identify lead and asbestos hazards	<b>Document 8:</b> Project sponsors must submit an asbestos assessment and lead-based paint report. For new construction projects with complete demolition, the application may presume presence of lead and asbestos but must submit a letter indicating that all appropriate hazard abatement protocols will be followed;
<b>9:</b> Projects must show comply with architectural standards	<b>Document 9:</b> Project sponsor must submit concept architectural plans and/or schematics; Applications opting for Enhanced Accessibility Program points must include compliant features as part of the submission;
<b>10:</b> Project sponsor must provide a self-score for the Homes for LA NOFA funding program for which it is applying	<b>Document 10:</b> Project sponsor must provide a Self-Score Form for Competitive Criteria, which must also certify that the applicant has fully read through the Homes for LA NOFA Regulations;
<b>11:</b> Project sponsor must provide relocation assistance to projects involving displacement of qualified households	<b>Document 11:</b> Project sponsor must provide a Relocation Project Summary Assessment
<b>12:</b> Project must comply with Housing Crisis Act (HCA), Resident Protection Ordinance (RPO), and United to House LA (ULA) replacement requirements	<b>Document 12:</b> Project sponsor must submit a Replacement Unit Determination (RUD);
<b>13:</b> Project must comply with Accessibility Standards	<b>Document 13:</b> Self-Certification Form for Compliance to Accessibility Standards;
<b>14:</b> Sponsor must commit to timely completion of work	<b>Document 14:</b> Sponsor must submit a Milestones Commitment Letter;
<b>15:</b> Sponsor must certify compliance with LAHD	<b>Document 15:</b> Sponsor must submit an Assurances and Conditions form;

business policy and general City requirements	
<b>16: For projects with tax credits in the capital stack only</b> , project must demonstrate competitiveness for tax credits	<b>Document 16:</b> Projected self-score and tiebreaker for CTCAC application or CDLAC application;
<b>17: For Permanent Supportive Housing (PSH) projects only</b> , sponsor must demonstrate commitment of operating/rental subsidy	<b>Document 17:</b> Evidence of committed Project-Based Vouchers (PBVs);
<b>18: For Preservation projects only</b> , Sponsors must assess deferred maintenance and capital needs	<b>Document 18:</b> Sponsor must submit a Capital Needs Assessment (CNA) and a Scope of Work (SOW) for capital improvements;
<b>20: For Preservation projects only</b> , Sponsors must demonstrate a viable Stabilization Plan for use of funds and an Exit Strategy	<b>Document 20:</b> Sponsor must submit a detailed Stabilization Plan demonstrating how Homes for LA NOFA funds will support the financial sustainability of the project, as well as an Exit Strategy detailing how the project will remain stable without any new infusions of City funding;

**Evaluation and  
Scoring Criteria**

Applicants determined to have passed Threshold Review will be scored and prioritized for funding based on the following scoring priorities:

All Preservation Base Scoring	Points
Feasibility	20
Entitlement Readiness or By-Right/Ministerial Projects	15
Capital Stabilization Plan	20
Risk of Affordability Loss	15
Priority Populations (Special Needs or ALI/ELI or Seniors)	5
Retrofit/Rehabilitation Work that Provides Certified Accessible Units	20
Enhanced Accessibility Program	5
<b>TOTAL BASE SCORE</b>	<b>100</b>

All definitions for each scoring criteria are described in the primary Homes for LA NOFA Regulations.