

Los Angeles Housing Department Term Sheet

United to House Los Angeles (ULA) - Alternative Models: Preservation

Program Description	<p>The United to House Los Angeles (ULA) program is a sustainable funding stream dedicated to affordable housing production and homelessness prevention in the City of Los Angeles. Through ULA, the City provides funding to the City's Alternative Models Preservation Program, which supports the rehabilitation and preservation of affordable housing.</p> <p>The Los Angeles Housing Department (LAHD) intends to release a Notice of Funding Availability (NOFA), which will provide capital financing for the preservation of permanent affordable multifamily rental units.</p> <p>LAHD expects to begin accepting applications on September 5, 2025. Applications will be due on October 20, 2025.</p>
Available Capital Funds	<p>Through this Homes for LA NOFA, LAHD will provide up to an anticipated \$52.9 million as part of the United To House Los Angeles (ULA) Alternative Models Preservation Program. Availability of funds for this Program is subject to approval of the proposed FY 2025-26 ULA Expenditure Plan by the Mayor and City Council. The total amount of available capital funds will be confirmed with the publication of the Homes for LA NOFA.</p>
Eligible Applicants	<p>Eligible Project Sponsors are public entities, local housing authorities, Community Land Trusts (CLTs), Limited Equity Housing Cooperatives (LEHCs), and 501(c)(3) non-profit entities. Partnerships such as General Partnerships, Limited Partnerships, and Limited Liability Companies (LLCs) may apply provided that the Managing General Partner is an eligible entity.</p> <p><u>Tenant Governance Experience</u></p> <p>Development teams must also demonstrate experience supporting tenant governance models. Developers that do not have capacity themselves to support tenant governance must partner with a locally-based Nonprofit organization that has a demonstrated history of managing residential properties under tenant governance models.</p> <p>Partnerships may take the form of General Partnerships, Limited Partnerships or Limited Liability Companies or other Special-Purpose Entities (SPEs) where the experienced Nonprofit has an ownership stake in the SPE, or fee-for-service contractual agreements with a Nonprofit demonstrating experience in tenant governance. Partnership documents must provide an outline of roles and responsibilities between developer and partner organization(s).</p>
Eligible Projects and Requirements	<p><u>Eligible Project Type:</u></p> <ul style="list-style-type: none"> The project must be an existing residential building that is under significant financial distress and/or projects with expiring or expired covenants requiring recapitalization and major capital improvements.

	<p><u>Project Size:</u></p> <ul style="list-style-type: none"> The Alternative Models Preservation Program has no maximum or minimum project size with respect to unit counts. <p><u>Labor Compliance:</u></p> <ul style="list-style-type: none"> Must pay prevailing wage. If there will be major construction or rehabilitation on projects with 40 units or more, the project must comply with the City of Los Angeles Department of Public Works Master Project Labor Agreement (PLA) or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council. <p><u>Outside Leveraging:</u></p> <ul style="list-style-type: none"> Leveraging of non-ULA funding sources is only permissible if such additional funding does not preclude future conversion of the property to tenant ownership, permanent affordability, or any other requirements in the ULA measure and ordinance. This subsidy may be combined with funding from the LAHD and other agencies, including loans provided through Measure ULA and other applicable programs. <p><u>Project Resale:</u></p> <ul style="list-style-type: none"> Resale of rental property is restricted to Nonprofits, Limited Equity Housing Cooperatives (LEHCs) and/or Community Land Trusts (CLTs)
<p>Affordability Requirements and Rent Schedules</p>	<p><u>Affordability Requirements</u></p> <ul style="list-style-type: none"> A minimum of 20% of the total project units must be restricted to Acutely Low Income (ALI) and/or Extremely Low Income (ELI) Households (15% Area Median Income (AMI) and/or 30% AMI and below, respectively). Existing tenants should not be displaced if their incomes exceed newly adopted limits under this program. Unit affordability targets should be achieved over time through natural unit turnover. Up to 20% of the total project units may be unrestricted with respect to rents and household incomes if necessary to make the project financially feasible in accordance with Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)(b)(4), but all other units must be restricted to be affordable to Lower Income Households (80% AMI and below). If the unrestricted units are occupied at the time of the project's participation in the Preservation Program, existing tenants should not be displaced. Units should instead float to the higher rent target over time through natural unit turnover. <p><u>Rent Schedules</u></p> <ul style="list-style-type: none"> All deed restricted affordable units must be affordable in perpetuity, as defined under Loan Terms, with AMI limits set at the project rather than unit

	<p>level, and a suggested average of 60% AMI across each project, subject to City Attorney approval of the regulatory agreement.</p> <ul style="list-style-type: none"> LAHD will apply HUD/LIHTC income targeting and rent schedules, with the exception of when the project or units in the project are subject to regulatory agreements that require Health and Safety Code income targeting and rent schedules.
Eligible Activities	<ul style="list-style-type: none"> Acquisition costs for new ownership entity and transfer of interest among related entities; Rehabilitation: Renovation of existing structures to meet affordable housing standards; 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. Costs associated with market-rate units provided only for the purpose increasing project financial stability in accordance with Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)(b)(4); and Reasonable reserves for operating costs, for projects requiring short-term capitalized operating assistance, that are still able to demonstrate long-term financial viability without operating assistance except from Section 8 Housing Choice Vouchers or similar long-term rental housing vouchers.
Ineligible Activities	<ul style="list-style-type: none"> Substitution for any committed permanent project financing source, unless the substitution was approved at the time of commitment. Costs associated with units not funded by the City of Los Angeles. Commercial space or tenant improvements. Reimbursement for project costs that have been paid by another project funding source unless the reimbursement was approved at the time of commitment. Travel expenses, food, or meals. Application fees for other project financing. Office or general organizational expenses. Costs that would normally be paid by the Limited Partnership or Limited Liability Company. The payment of delinquent taxes, fees, or charges on properties. Projects that do not conform to local zoning laws or housing codes. Developments solely intended for commercial use or mixed-use projects without dedicated affordable housing components.

	<ul style="list-style-type: none"> • Costs associated with operations unrelated to the development or improvement of affordable housing, such as luxury amenities that do not serve low-income residents. • Any application submitted post-deadline will not be accepted, impacting both processing and funding opportunities. 						
Loan Assistance and Term Limits	<p>Limit: The maximum loan limit is 100% of total development cost.</p> <p>Interest Rate: 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>Term of Loan: The permanent loan term shall be no less than Sixty (60) years, and fully amortizing.</p> <p>Term of Affordability Covenant: The term of the affordability restrictions in the Regulatory Agreement shall be in perpetuity (or such shorter period of time as may be required by applicable law); provided, however, that for projects qualifying for LIHTC, tax-exempt bonds, or federal or state government-sponsored entity loan programs, LAHD, shall, based on a Department finding of extraordinary need, have flexibility to structure the terms in its loan documents and/or covenants or restrictions in regulatory documents, so that the project as underwritten at closing is financially feasible and compatible with such program requirements.</p> <p>Type: Rehabilitation/Construction and Permanent loans. These loans will be provided in the form of residual receipts loans.</p> <p>Subordination: The Regulatory Agreement for ULA designated units will not be subordinated. The LAHD will require other lenders (senior and junior) to execute a Subordination Agreement to subordinate to the ULA Regulatory Agreement. The LAHD will, however, subordinate its Deed of Trust, with right to cure, to conventional loans and other public lenders.</p>						
Threshold Requirements	<p>Threshold Requirements are enumerated in the table below:</p> <table border="1"> <thead> <tr> <th>Threshold Item</th><th>Required Documents</th></tr> </thead> <tbody> <tr> <td>1: Project demonstrates Financial Feasibility</td><td>Document 1: 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>2: Project sponsor must disclose potential conflicts of interest and legal/financial liabilities</td><td>Document 2: Sponsor must submit a signed certification disclosing all partnerships, corporations, all properties owned by the applicant, and other entities in which the</td></tr> </tbody> </table>	Threshold Item	Required Documents	1: Project demonstrates Financial Feasibility	Document 1: 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;	2: Project sponsor must disclose potential conflicts of interest and legal/financial liabilities	Document 2: Sponsor must submit a signed certification disclosing all partnerships, corporations, all properties owned by the applicant, and other entities in which the
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	<p>sponsor is a principal (identities of interest, conflicts of interest and default/foreclosures);</p>
<p>3: Project must have Site Control and Clean Title</p>	<p>Document 3: 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;</p>
<p>4. Project sponsor must pass Sponsor Underwriting</p>	<p>Document 4: 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;</p>
<p>5: Project site valuation must be supported by an appraisal</p>	<p>Document 5: Project sponsor must submit a certified appraisal;</p>
<p>6: Project sponsor must commission Environmental Site Assessments (ESAs) and remediate hazards</p>	<p>Document 6: Project sponsor must submit recent Phase I and/or Phase II ESAs;</p>
<p>7: New Construction projects must undergo evaluation of geo-technical engineering of subsurface soils</p>	<p>Document 7: Project sponsor must submit a Soils Report;</p>
<p>8: Projects involving demolition must identify lead and asbestos hazards</p>	<p>Document 8: 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;</p>
<p>9: Projects must show comply with architectural standards; ULA New</p>	<p>Document 9: Project sponsor must submit concept architectural plans and/or schematics; Applications</p>

Construction projects must meet a 40 unit count minimum	opting for Enhanced Accessibility Program points must include compliant features as part of the submission;
10: Project sponsor must provide a self-score for the Homes for LA NOFA funding program for which it is applying	Document 10: 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;
11: Project sponsor must provide relocation assistance to projects involving displacement of qualified households	Document 11: Project sponsor must provide a Relocation Project Summary Assessment
12: Project must comply with Housing Crisis Act (HCA), Resident Protection Ordinance (RPO), and United to House LA (ULA) replacement requirements	Document 12: Project sponsor must submit a Replacement Unit Determination (RUD);
13: Project must comply with Accessibility Standards	Document 13: Self-Certification Form for Compliance to Accessibility Standards;
14: Sponsor must commit to timely completion of work	Document 14: Sponsor must submit a Milestones Commitment Letter;
15: Sponsor must certify compliance with LAHD business policy and general City requirements	Document 15: Sponsor must submit an Assurances and Conditions form;
17: For Permanent Supportive Housing (PSH) projects only , sponsor must demonstrate commitment of operating/rental subsidy	Document 17: Evidence of committed Project-Based Vouchers (PBVs);
18: For Preservation projects only , Sponsors must assess deferred maintenance and capital needs	Document 18: Sponsor must submit a Capital Needs Assessment (CNA) and a Scope of Work (SOW) for capital improvements;
20: For Preservation and/or Operating Assistance only , Sponsors must demonstrate a viable Stabilization Plan for use of funds and an Exit Strategy	Document 20: 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;
21: For ULA projects with at least 40 units only , construction must comply with a Project Labor Agreement	Document 21: For ULA-funded projects with 40 or more units, project sponsor must submit Letter of Assent attesting that it will comply with all the terms and conditions of the Board of Public Works Master Project Labor Agreement;
22: For ULA Alternative Models projects only , Project must address neighborhood level needs	Document 22: Project sponsor must submit a Statement of Public Purpose;
23: For ULA Alternative Models and ULA Acquisition & Rehabilitation projects only , Project must address racial disparities	Document 23: Project sponsor must provide a Racial Equity Commitment;
24: For ULA Alternative Models and ULA Acquisition & Rehabilitation projects only , Project incorporates tenant governance and development team has tenant governance experience	Document 24: Project sponsor must submit a Resident Engagement and Leadership Plan; the sponsor also shows that a member of the development team has experience pertaining to the tenant governance, including through the provision of Community Agreements, meeting minutes from Resident Councils, or through trainings and resident attestations;
25: For ULA Alternative Models projects only , Project sponsor must engage community to identify environmental hazards beyond baseline Environmental Site Assessments (ESA)	Document 25: Project sponsor must submit Enhanced Environmental Health Commitment for any projects located in an area at 80th percentile or above in the CalEnviroScreen 4.0;
27: List of Entities and Names of Partners	Document 27: Upload LAHD form naming beneficial owners of any Special-Purpose Entities (SPEs)

Evaluation and Scoring Criteria

There will be a first priority pool within this program for CLT and CLT partnership applications.

If the project is determined to meet Threshold Criteria, the project will be subject to the below scoring table:

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
TOTAL BASE SCORE	100

All ULA Alternative Models Preservation projects will be subject to the following scoring requirements:

ULA Alt Models Preservation*	Points
History of Tenant Engagement	10

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