

Los Angeles Housing Department Term Sheet United to House Los Angeles (ULA) - Operating Assistance

<p>Program Description</p>	<p>The United to House Los Angeles (ULA) Operating Assistance Program supports affordable housing in the City of Los Angeles by providing operating support for projects facing a short-term disruption in cash flow or wider economic shock. This Program provides time-limited assistance to projects facing resolvable challenges, in an amount equal to up to two (2) years of eligible operating cost or income gaps.</p> <p>The Los Angeles Housing Department (LAHD) intends to release a Notice of Funding Availability (NOFA), which will provide capital financing for the creation and operation 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>
<p>Available Capital Funds</p>	<p>Through this Homes for LA NOFA, LAHD will provide up to an anticipated \$34.3 million as part of the United to House Los Angeles (ULA) Operating Assistance 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>
<p>Eligible Applicants</p>	<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>Existing LAHD Loan Requirement</u></p> <p>Applicants must either have an existing housing project funded by the City of Los Angeles, or a commitment for a new housing project to be funded by the City of Los Angeles. Priority will be given to projects housing Acutely Low Income or Extremely Low Income households, as well as projects that maintain ownership or stewardship by Nonprofits, Community Land Trusts (CLTs), and Limited Equity Housing Cooperatives (LEHCs).</p>
<p>Eligible Projects and Requirements</p>	<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. <p><u>Project Size:</u></p> <ul style="list-style-type: none"> ● The Operating Assistance 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. <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>Affordability Requirements and Rent Schedules</p>	<p><u>Affordability Requirements</u></p> <ul style="list-style-type: none"> • Except for the manager’s unit(s), all units must be covenanted to be affordable to households earning 80% Area Median Income (AMI) or below. <p><u>Rent Schedules</u></p> <ul style="list-style-type: none"> • All units receiving operating support must be covenanted to be affordable to households earning 80% Area Median Income (AMI) or below. Mixed-income projects under the Alternative Models Preservation Program are also eligible for funding. • LAHD will apply HUD/LIHTC income targeting and rent schedules. However, projects must comply with all income targeting and rent schedules required by other funding sources and must apply the most restrictive, if there is a conflict.
<p>Eligible Activities</p>	<ul style="list-style-type: none"> • Debt service; • Insurance premiums and other insurance expenses; • Short term security or fire watch services of less than 12 months; • Deferred operating costs for building maintenance and repairs of less than \$250,000; • Local, state, and federal tax liability; • Up to two (2) months of rental subsidies per unit to cover operating shortfalls, not to exceed six (6) months per three (3) year period; or • Replenishing of operating reserves required by LAHD. <p>Costs can be reimbursed for excess expenses incurred within the same fiscal</p>

	<p>year of the sponsor’s application and the fiscal year immediately preceding the year of application.</p> <p>Prospective expenses can be requested for an amount equal to a maximum of two (2) years of projected excess costs.</p>				
Ineligible Activities	<ul style="list-style-type: none"> • Major replacement, upgrades, and/or capital improvement of systems including but not limited to Heating, Ventilation, and Air Conditioning (HVAC), plumbing, electrical, sewer, fire sprinklers, roofing, water heaters, solar panels, or insulation; • Major repairs costing more than \$250,000; or • New construction except to replace units damaged by fire or natural disaster. 				
Loan Assistance and Term Limits	<p>Limit: Operating Reserve: Up to total of \$4,000/unit (up to \$2,000/unit per year for two years of assistance), and up to \$250,000 project-wide for emergency capital needs.</p> <p>Type: Operating Assistance will be provided in the form of a supplemental loan or a grant:</p> <ul style="list-style-type: none"> - For awards in excess of \$100,000, the form of assistance will be a supplemental loan to the existing or proposed project loan, with the same loan term, interest rate, and payment terms as the existing LAHD loan. - For awards below \$100,000, the form of assistance will be a grant to the project owner or sponsor. <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 fifteen (15) years.</p>				
Threshold Requirements	<p>Threshold Requirements are enumerated in the table below:</p> <table border="1" data-bbox="418 1627 1451 1877"> <thead> <tr> <th data-bbox="418 1627 933 1690">Threshold Item</th> <th data-bbox="933 1627 1451 1690">Required Documents</th> </tr> </thead> <tbody> <tr> <td data-bbox="418 1690 933 1877">1: Project demonstrates Financial Feasibility</td> <td data-bbox="933 1690 1451 1877">Document 1: Completed UNOFA Application and Financial Proforma; ULA Operating Assistance applicants must also provide a Variance</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
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	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 sponsor is a principal (identities of interest, conflicts of interest and default/foreclosures);
3: Project must have Site Control and Clean Title	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;
4. Project sponsor must pass Sponsor Underwriting	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;
8: For projects built 1978, Projects involving demolition must identify lead and asbestos hazards	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>10: Project sponsor must provide a self-score for the Homes for LA NOFA funding program for which it is applying</p>	<p>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;</p>
<p>11: Project sponsor must provide relocation assistance to projects involving displacement of qualified households</p>	<p>Document 11: Project sponsor must provide a Relocation Project Summary Assessment</p>
<p>12: Project must comply with Housing Crisis Act (HCA), Resident Protection Ordinance (RPO), and United to House LA (ULA) replacement requirements</p>	<p>Document 12: Project sponsor must submit a Replacement Unit Determination (RUD);</p>
<p>13: Only for Substantial Rehab, Project must comply with Accessibility Standards</p>	<p>Document 13: Self-Certification Form for Compliance to Accessibility Standards;</p>
<p>14: Sponsor must commit to timely completion of work</p>	<p>Document 14: Sponsor must submit a Milestones Commitment Letter;</p>
<p>15: Sponsor must certify compliance with LAHD business policy and general City requirements</p>	<p>Document 15: Sponsor must submit an Assurances and Conditions form;</p>
<p>17: For Permanent Supportive Housing (PSH) projects only, sponsor must demonstrate commitment of operating/rental subsidy</p>	<p>Document 17: Evidence of committed Project-Based Vouchers (PBVs);</p>
<p>18: For Preservation projects only, Sponsors must assess deferred maintenance and capital needs</p>	<p>Document 18: Sponsor must submit a Capital Needs Assessment (CNA) and a Scope of Work (SOW) for capital improvements;</p>
<p>20: For Preservation and/or Operating Assistance only, Sponsors must demonstrate a viable</p>	<p>Document 20: Sponsor must submit a detailed Stabilization Plan demonstrating how NOFA funds will support the financial sustainability of</p>

Stabilization Plan for use of funds and an Exit Strategy	the project, as well as an Exit Strategy detailing how the project will remain stable without any new infusions of City funding;
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If the project is determined to meet Threshold Criteria, the project will be subject to the below scoring table:

Evaluation and Scoring Criteria

Criterion	Points
Demonstrated Financial Hardship	40
Stabilization Efforts to Date	10
Operational Stabilization Plan and Exit Strategy	20
% of Units Restricted as ALI/ELI	5
Nonprofits, CLT, and Shared-Equity Tenant Ownership Priority	5
Cost Effectiveness	20
TOTAL SCORE	100