

Los Angeles Housing Department Term Sheet

Pooled Sources: Multifamily

Program Description	The Pooled Sources: Multifamily Program is offered by the City of Los Angeles to develop affordable housing aimed at low and very-low-income households. This initiative seeks to increase the supply of affordable rental units. The Pooled Sources: Multifamily Program may be used for the development of new affordable housing with LIHTCs. LAHD expects to begin accepting applications on October 13, 2026. Sponsor Underwriting materials will be due on November 13, 2026. All other application materials will be due on December 4, 2026.
Available Capital Funds	Through this Homes for LA NOFA, LAHD will provide up to \$115,462,625.71 in Pooled Sources: Multifamily Program funds for the development of affordable housing in the City of Los Angeles. Funding is to be provided through the Los Angeles Affordable Housing Solutions Agency (LACAHSa) PPO New Construction funding and California Permanent Local Housing Allocation (SB2) funds. The LACAHSa PPO New Construction funding source can only support projects that do not yet have Temporary Certificate of Occupancy (TCO) or Certificate of Occupancy (COO). Additional information about LACAHSa requirements can be found in SB 679 and Measure A, the statutes which established and funded LACAHSa, respectively. The LACAHSa board-approved Program Guidelines further interpret and elaborate on the uses and requirements of the PPO New Construction funding source. The Program Guidelines can be found on LACAHSa's website. SB2 funds can only support new construction projects that are at or below 60% AMI. SB2 funds can only support preservation projects that are at or below 30% AMI. The total amount of available capital funds will be confirmed with the publication of the Homes for LA NOFA.
Eligible Applicants	Non-profit developers, for-profit developers, joint ventures, limited liability corporations, and limited partnerships.
Eligible Projects and Requirements	<u>Eligible Project Types:</u> • Projects must be either: ○ New construction and/or conversion of non-residential structures into affordable housing (adaptive reuse), using tax credits <u>Project Size:</u>

	• Minimum 20 units <u>Labor Compliance:</u> • All projects must pay State Prevailing Wage. • All projects with 40 or more units 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. <u>Outside Leveraging:</u> • It is expected that projects under this program apply for LIHTCs • 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.
Affordability Requirements and Rent Schedules	<u>Affordability Requirements:</u> <i>LACAHSa Affordability Requirements:</i> <i>Several affordability mixes are allowable under the LACAHSa FY26-27 Program Guidelines published in April 2026. Those Guidelines can be accessed here (see pages 9 and 10 for the affordability requirements). However, these funds are intended to be leveraged with LIHTCs and applications will need to demonstrate competitiveness in order to receive full points. In other words, there are several income mixes that allow higher AMIs, but the Department will prioritize competitiveness for tax credits over higher AMI mixes. Despite these possibilities the Department will maintain the following requirements:</i> • At least 25% of units must be at reserved for extremely low-income households, as defined in Health and Safety Code Section 50106 (extremely low-income households are defined as households with incomes at or below 30 percent of the Area Median Income—AMI) • At least 25% of units must be reserved for very low-income households, as defined in Health and Safety Code Section 50105 (very low-income households are defined as households with incomes at or below 50 percent of AMI). <i>SB2 Affordability Requirements:</i> • Except for the manager’s unit(s), new construction projects must have 100% of units at or below 60 percent of AMI. • Except for the manager’s unit(s), preservation projects must have 100% of units at or below 30 percent of AMI.

	<u>Rent Schedules:</u> LAHD will apply HUD/LIHTC income targeting and rent schedules.
Eligible Activities	- Acquisition costs; - Developer fee; - Reimbursement of predevelopment costs, including professional fees, and consultant costs; - Construction: Ground-up development of new affordable housing projects and Adaptive Reuse; - Land Acquisition: Purchasing land to develop affordable housing; - 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.
Ineligible Activities	- Funding of any work on existing structures that currently have a temporary certificate of occupancy (TCO) or a certificate of occupancy (COO). - 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.
Loan Assistance and Term Limits	Limit: The maximum loan limit is up to 30% of total development cost. 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. Term of Loan: Fifty-Seven (57) years (i.e. a 24-month construction period followed by a fifty-five (55) year permanent loan period). LAHD reserves the right to negotiate a longer term if it is determined necessary for financial feasibility.

	Term of Affordability Covenant: The term of the affordability covenant is required to be fifty-five (55) years from completion of construction, or for the longest maximum period required by CTCAC, HCD, HUD, or CDLAC. Type: Construction (including reimbursement of acquisition and predevelopment costs) and Permanent loans. These loans will be provided in the form of residual receipts loans. Subordination: The Regulatory Agreement for LACAHSAs designated units will not be subordinated. The LAHD will require other lenders (senior and junior) to execute a Subordination Agreement to subordinate to the LACAHSAs Regulatory Agreement. The LAHD will, however, subordinate its Deed of Trust, with right to cure, to conventional loans and other public lenders.										
Threshold Requirements	Threshold requirements for this program are enumerated in the table below: <table> <tr> <th>Threshold Item</th><th>Required Documents</th></tr> <tr> <td>1: For all programs - Project demonstrates Financial Feasibility</td><td>Document 1: Completed UNOFA Application and Financial Proforma;</td></tr> <tr> <td>2: For all programs - 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 sponsor is a principal (identities of interest, conflicts of interest and default/foreclosures);</td></tr> <tr> <td>3: For all programs - Project must have Site Control and Clear Title</td><td>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;</td></tr> <tr> <td>4. Project sponsor must submit documents for Sponsor Underwriting</td><td>Document 4: Project sponsor must submit organizational documents of the sponsor including: Project sponsor must submit Audited</td></tr> </table>	Threshold Item	Required Documents	1: For all programs - Project demonstrates Financial Feasibility	Document 1: Completed UNOFA Application and Financial Proforma;	2: For all programs - 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: For all programs - Project must have Site Control and Clear 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 submit documents for Sponsor Underwriting	Document 4: Project sponsor must submit organizational documents of the sponsor including: Project sponsor must submit Audited
Threshold Item	Required Documents										
1: For all programs - Project demonstrates Financial Feasibility	Document 1: Completed UNOFA Application and Financial Proforma;										
2: For all programs - 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: For all programs - Project must have Site Control and Clear 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 submit documents for Sponsor Underwriting	Document 4: Project sponsor must submit organizational documents of the sponsor including: Project sponsor must submit Audited										

		Financial Statements (AFSs) with lookback period of three (3) years, and a Real Estate Owned (REO) Schedule; See Section 5, Document 4: Submission of Documents for Sponsor Underwriting in the Homes for LA NOFA Regulations for a full list of items to be submitted for Sponsor Underwriting;
	5: For all new construction programs, Project site valuation must be supported by an appraisal	Document 5: Project sponsor must submit a certified appraisal for new construction projects; For preservation projects, sponsors may submit a property valuation;
	6: For all new construction programs, Project sponsor must commission Environmental Site Assessments (ESAs) and remediate hazards	Document 6: Project sponsor must submit recent Phase I and/or Phase II ESAs, however, a full Phase I ESA is not required for Single Family Housing Rehab but is required for Multi-family Housing Rehab (5 units or more) and non-residential properties per 24 CFR 58.5(i)(2)(ii).
	7: For all new construction programs, projects must undergo evaluation of geo-technical engineering of subsurface soils	Document 7: Project sponsor must submit a Soils Report;
	8: For all projects involving demolition.	Document 8: For projects built prior to 1978, projects involving demolition, a lead and asbestos hazards assessment is required. If the building was built before 1978 and the intent is to completely demolish the building, the applicant may submit a letter in lieu of a lead test and/or asbestos report;
	9: For all new construction programs, projects must comply with LAHD architectural standards;	Document 9: Project sponsor must submit architectural plans and an electronic copy of the Architect's License. Applications opting for the Enhanced Accessibility Program

	points must include compliant features as part of the submission. Project Sponsors must submit architectural plans that comply with all the requirements outlined for the type of project proposed: - New Construction Requirements
10: For all programs , the 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;
12: For all programs involving demolition of existing units , projects 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: For all programs , project must comply with Accessibility Standards	Document 13: Accessibility Compliance Self-Certification Form and optional Enhanced Accessibility Program (EAP) Checklist;
14: For all programs , Sponsor must commit to timely completion of work	Document 14: Sponsor must submit a Milestones Commitment Letter;
15: For all programs , Sponsor must certify compliance with LAHD business policy and general City requirements	Document 15: Sponsor must submit an Assurances and Conditions via the UNOFA platform;
16: For projects with tax credits in the capital stack only , project must demonstrate competitiveness for tax credits	Document 16: Projected self-score and tiebreaker for CTCAC application or CDLAC application;

	<table><tr><td>17: For Permanent Supportive Housing (PSH) projects only, sponsor must demonstrate commitment of operating/rental subsidy</td><td>Document 17: Evidence of committed Project-Based Vouchers (PBVs) and/or other long-term operating subsidy;</td></tr><tr><td>21: For ULA and LACHSA-funded projects with at least 40 units only, construction must comply with a Project Labor Agreement</td><td>Document 21: For ULA and Pooled Sources-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 City of Los Angeles Board of Public Works Master Project Labor Agreement;</td></tr></table>	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) and/or other long-term operating subsidy;	21: For ULA and LACHSA-funded projects with at least 40 units only, construction must comply with a Project Labor Agreement	Document 21: For ULA and Pooled Sources-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 City of Los Angeles Board of Public Works Master Project Labor Agreement;												
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) and/or other long-term operating subsidy;																
21: For ULA and LACHSA-funded projects with at least 40 units only, construction must comply with a Project Labor Agreement	Document 21: For ULA and Pooled Sources-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 City of Los Angeles Board of Public Works Master Project Labor Agreement;																
Evaluation and Scoring Criteria	LAHD underwriting staff will eliminate applications from consideration of the Pooled Sources: Multifamily Program if they fail to meet LAHD’s developer capacity requirements, if they fail to meet cash flow and debt service coverage requirements OR if they fail to receive at least eight (8) points in Feasibility: Sponsor Underwriting. Scoring for this criterion is described under Section 3.20 and 7.1 of the 2026-2027 Homes for LA NOFA Regulations. If the project is determined to meet Threshold Criteria, the project will be subject to the below scoring table: <table><tr><th>All New Construction Base Scoring</th><th>Points</th></tr><tr><td>Feasibility: Sponsor Underwriting</td><td>15</td></tr><tr><td>Feasibility: Project Underwriting</td><td>15</td></tr><tr><td>Site Efficiency and Cost Effectiveness</td><td>25</td></tr><tr><td>Entitlement Readiness or By-Right/Ministerial Projects</td><td>15</td></tr><tr><td>Contributions of Land at Less Than Fair Market Value (FMV), Public Land or Land from Faith-Based Orgs</td><td>5</td></tr><tr><td>Priority Geographies (TCAC Opportunity Maps)</td><td>5</td></tr><tr><td>Priority Populations (3BR units or Special Needs or ALI/ELI)</td><td>5</td></tr></table>	All New Construction Base Scoring	Points	Feasibility: Sponsor Underwriting	15	Feasibility: Project Underwriting	15	Site Efficiency and Cost Effectiveness	25	Entitlement Readiness or By-Right/Ministerial Projects	15	Contributions of Land at Less Than Fair Market Value (FMV), Public Land or Land from Faith-Based Orgs	5	Priority Geographies (TCAC Opportunity Maps)	5	Priority Populations (3BR units or Special Needs or ALI/ELI)	5
All New Construction Base Scoring	Points																
Feasibility: Sponsor Underwriting	15																
Feasibility: Project Underwriting	15																
Site Efficiency and Cost Effectiveness	25																
Entitlement Readiness or By-Right/Ministerial Projects	15																
Contributions of Land at Less Than Fair Market Value (FMV), Public Land or Land from Faith-Based Orgs	5																
Priority Geographies (TCAC Opportunity Maps)	5																
Priority Populations (3BR units or Special Needs or ALI/ELI)	5																

	Enhanced Accessibility Program		5
	TOTAL BASE SCORE		90
	All Pooled Sources Multifamily Program projects will be subject to the following scoring requirements:		
	Pooled Sources Multifamily		Points
	TCAC/CDLAC Scoring Competitiveness		25
	Project Labor Agreement		3
	All definitions for each scoring criteria are described in the primary Homes for LA NOFA Regulations.		