

TRANSMITTAL

To:

THE COUNCIL

Date:

MAR 14 2013

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

Antonio R. Villaraigosa
ANTONIO R. VILLARAIGOSA
Mayor



Antonio R. Villaraigosa, Mayor
Mercedes M. Márquez, General Manager

March 8, 2013

Council File: C.F. # NEW
Council District: Citywide
Contact Person: Timothy Elliott / 213-808-8596
Manuel Bernal / 213-808-8901

Honorable Antonio R. Villaraigosa
Mayor, City of Los Angeles
Room 303, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales
Legislative Coordinator

COUNCIL TRANSMITTAL: RECOMMENDATIONS FOR THE 2013 CALENDAR YEAR AFFORDABLE HOUSING TRUST FUND (AHTF) NOTICE OF FUNDING AVAILABILITY (NOFA); CALL FOR PROJECTS SEEKING CITY SUPPORT FOR 2013 ROUND 2 OF THE STATE OF CALIFORNIA LOW INCOME HOUSING TAX CREDIT (LIHTC) COMPETITION; VARIOUS ACTIONS RELATED TO THE AHTF

SUMMARY:

The General Manager of the Los Angeles Housing Department (LAHD) requests authority to: 1) issue the calendar year 2013 AHTF NOFA; 2) issue a Call for Projects to solicit proposals seeking support from the City in the upcoming California Tax Credit Allocation Committee's 9% LIHTC competition; and, 3) execute various actions related to the AHTF.

2013 AHTF NOFA

LAHD requests authority to issue the 2013 AHTF NOFA with the revisions proposed herein, and hold up to three funding rounds for the 2013 NOFA year. The tentative filing deadline for applications under Round 1 of the 2013 AHTF NOFA (AHTF Round 1) is scheduled for April 15, 2013. The 2013 AHTF NOFA is provided as Attachment 1 in draft form.

Based upon this authority, LAHD will solicit developers' applications for gap funding from the AHTF for multifamily affordable housing developments. LAHD will review the applications submitted for each AHTF funding round and prepare a list of projects recommended to receive Letters of Commitment for funding. All AHTF NOFA funding rounds will coincide with applicable funding cycles for federal, state, and/or local multifamily housing development

programs; funding recommendations will be submitted to the Mayor and City Council for consideration and approval.

For AHTF Round 1, \$18 million in AHTF funding will be available to Permanent Supportive Housing projects for the chronically homeless, subject to the condition that project sponsors apply to one of the following programs in the next available funding round of the applicant's chosen leveraging source:

- California Tax Credit Allocation Committee (TCAC) 9% LIHTC Program, competing in the Nonprofit or Special Needs/SRO set-aside
- California Department of Housing and Community Development Multi-Family Housing (MHP) Program with 4% LIHTC combined with tax-exempt bonds
- Other committed private or public sources

In addition to the capital financing available in AHTF Round 1, HACLA will provide up to 300 Section 8 Project-Based Vouchers for eligible 2013 AHTF NOFA projects.

Call for Projects Seeking City Support in TCAC 2013 Round 2

In addition to the 2013 AHTF NOFA, LAHD seeks authority to issue a Call for Projects, which would solicit fully-funded affordable housing proposals intending to compete in TCAC's 2013 Round 2 (TCAC Round 2) that are in need of a designation of support from the City. A proposed draft is provided as Attachment 2.

In its capacity as the local reviewing agency for TCAC, LAHD reviews the LIHTC requests for all projects located within the City (regardless of whether the project has received AHTF funding) and completes a Local Reviewing Agency Project Evaluation Form provided by TCAC (a sample form is provided as Attachment 3). In the final section of the evaluation form, LAHD indicates whether the City supports, opposes, or takes no position on the proposed development. The information provided in the forms and the final determinations of support or opposition are taken into consideration by TCAC when making its tax credit awards.

With TCAC's release of its 2013 LIHTC regulations on January 23, 2013, a new tax credit allocation region was established specifically for the City of Los Angeles. The establishment of the Los Angeles City Geographic Region will greatly enhance the City's ability to use the evaluation form as a tool to choose the projects that will be included in the competitive pool for tax credits, providing the City with much greater control in managing the future pipeline of projects applying for 9% LIHTC.

AHTF Round 1 will be restricted to Permanent Supportive Housing applications, therefore successful applicants will be competing in the Nonprofit or Special Needs/SRO set-asides, not in the City's Geographic Region of TCAC Round 2. However, tax credits are available in the Los Angeles City Geographic Region and there are a number of affordable housing projects that do

not require AHTF capital and are eligible to apply in the category. Therefore, it is requested that concurrent with the AHTF Round 1 NOFA, LAHD be authorized to implement a Call for Projects specifically targeting affordable housing projects that do not require AHTF capital and intend to apply in the Los Angeles City Geographic Region in TCAC Round 2. For the top-ranking proposals, LAHD will indicate that the City supports the project when it completes its evaluation form for TCAC.

LAHD also requests authority to issue support designations only for projects recommended for funding commitments through the AHTF Round 1 NOFA and for those selected through the Call for Projects, while opposing all other projects.

AHTF/Calls for Projects – 2014 and Beyond

LAHD will report back to the Mayor and Council at a future date with proposed policies and procedures regarding future Calls for Projects as a process to replace the AHTF NOFA as it currently functions. With the dissolution of the CRA/LA, there are a large number of projects with partial funding in the form of land donations and/or capital that may be in need of AHTF financing and/or LIHTC in order to move into predevelopment. The pre-determined pipeline of projects presents LAHD with the challenge of adjusting the operation of the AHTF NOFA to accommodate current and future conditions. The newly established tax credit region will assist the City in its efforts to modify its funding programs to guide these and similar projects through the tax credit competition with a continued high rate of success.

Various Actions

Authority is also requested for LAHD to take various AHTF-related actions, as follows: 1) amend the AHTF commitment for the Michael's Village project, to reduce the number of LAHD-funded units from 32 to 24; 2) amend the funding commitment for the Broadway Villas project; and, 3) amend the loan agreement for the Taylor Yard project.

RECOMMENDATIONS:

The General Manager of the Los Angeles Housing Department (LAHD) respectfully requests that:

1. Your office schedule this transmittal at the next available meeting(s) of the appropriate City Council committee(s) and forward it to City Council for review and approval immediately thereafter;
2. The City Council, subject to the approval of the Mayor, authorize the LAHD General Manager or designee to:
 - A. Issue the attached 2013 AHTF NOFA with the proposed changes therein, and implement an allocation schedule that will include the authority to conduct up to three funding rounds;

- B. Appropriate \$18 million from Non-Department General Fund No. 100/62, Revenue Source Code No. 3026, Property Tax – Ex-CRA Tax Increment fund to F100/62, Account No. 00044G, Affordable Housing Trust Fund; and thereafter transfer a like amount to various accounts within the Affordable Housing Trust Fund No. 44G/43 and solicit applications for AHTF Round 1 in an amount not to exceed \$18 million in capital funding as follows:

<u>Fund</u>	<u>Account</u>	<u>Account Name</u>	<u>Amount:</u>
44G/43	43J441	GF-PSHP	\$18,000,000.00

- C. Authorize the solicitation of applications in subsequent AHTF funding rounds based on the approval of funds in the FY 2013-14 Consolidated Plan and City Budget;
 - D. Amend the AHTF NOFA as necessary to be consistent with income or geographic targeting requirements of any applicable leveraged funding sources, which may be revised or become available during the 2013 calendar year;
 - E. Issue a Call for Projects for fully-funded affordable housing developments intending to compete in the Los Angeles City Geographic Region in TCAC Round 2, which are in need of a City support designation;
 - F. Authorize LAHD, in its capacity as the Local Reviewing Agency for TCAC, to issue support designations exclusively to projects recommended through the AHTF Round 1 NOFA and Call for Projects, and oppose all other projects;
 - G. Amend the AHTF commitment for the Michael’s Village project, to reduce the number of LAHD-funded units from 32 to 24;
 - H. Amend the NSP commitment for Taylor Yard Apartments, to exchange \$2.8 million in NSP funds with HOME funds;
 - I. Amend the AHTF commitment for the Broadway Villas project, to extend the term to December 31, 2013;
 - J. Prepare Controller’s Instructions and any necessary technical adjustment(s), consistent with Mayor and Council actions, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions.
3. The General Manager also requests that the City Council, subject to the approval of the Mayor, authorize the City Controller to:
- A. Reallocate and expend funds for the previously approved Affordable Housing Trust Fund projects as follows:

<u>Project</u>	<u>Fund</u>	<u>Account</u>	<u>Acct Name</u>	<u>Amount</u>
From: Taylor Yard	52J	43F868	NSP2/ARRA Program Op.	\$2,800,000.00
To: Taylor Yard	561	43C212	AHTF	\$58,449.22
	561	43E212	AHTF	1,187.54
	561	43F212	AHTF	.04
	561	43H212	AHTF	518,300.00
	561	43K007	AHTF	<u>2,222,063.20</u>
				\$2,800,000.00

B. Establish a new account and appropriate funds within the Affordable Housing Trust Fund No. 44G, Department 43 as follows:

<u>Account No.</u>	<u>Account Title</u>	<u>Amount</u>
43J441	GF-PSHP	\$18,000,000.00

C. Expend funds not to exceed \$18,000,000.00 upon proper written demand of the General Manager, LAHD, or designee.

BACKGROUND:

2013 Round 1 AHTF NOFA

The AHTF Round 1 NOFA will be presented at a Bidders' Conference, to be held prior to the application deadline. The NOFA will also be published online via the LAHD website.

Funding for the AHTF Round 1 NOFA

For the AHTF Round 1 NOFA, funds in the amount of \$18 million are available from the sources outlined in item B under the Recommendations section of this report.

Proposed Changes to the 2013 AHTF Round 1 NOFA

Applications for the AHTF Round 1 NOFA will be accepted exclusively for Permanent Supportive Housing proposals serving chronically homeless individuals, with a preference for projects housing veteran populations and developments located outside the Greater Downtown Los Angeles Area. For the purposes of the NOFA, the boundaries of the Greater Downtown Los Angeles Area are as follows:

- The 101 Freeway to the north;
- The 110 Freeway to the west;
- Alameda Street to the east;
- The 10 freeway to the south.

In 2007, the City of Los Angeles settled the case of Jones v. City of Los Angeles, which was filed by the American Civil Liberties Union (ACLU) in response to the City's enforcement of an Ordinance (Los Angeles Municipal Code ("LAMC") section 41.18(d)) which prohibits sitting, sleeping or lying on a public street or sidewalk. The Jones Settlement Agreement states the Ordinance may not be enforced between the hours of 9:00 p.m. and 6:00 a.m., except in specified areas.

Under the settlement, enforcement of this Ordinance may resume when 1,250 units of permanent supportive housing for current or formerly chronically homeless persons have been constructed within the City, at least 50 percent (625 units) of which are located in Skid Row and/or greater downtown Los Angeles.

To date, 656 units are in various stages of development in the Skid Row and/or greater downtown Los Angeles areas, surpassing the 50 percent goal. However the City is 136 units short of meeting the overall goal of the 1,250 units. The objective of the 2013 Round 1 AHTF NOFA is to provide sufficient funding for the construction of the remaining 136 permanent supportive housing units for chronically homeless in areas of outside of Skid Row and greater downtown Los Angeles.

It is anticipated that the \$18 million allocated for AHTF Round 1 will provide sufficient funding for the development of the remaining units needed to meet the requirements of the settlement agreement. As an additional resource, the Housing Authority of the City of Los Angeles (HACLA) will make up to 300 Project-Based Section 8 Vouchers (PBV) available for 2013 AHTF projects. By combining the resources of capital funding and operating subsidy, the City has an opportunity to meet the goal of the Jones Settlement Agreement and provide much needed housing to the chronically homeless population, of which veterans comprise a disproportionately large segment. Attachment 4 of this report provides further details on the Jones Settlement Agreement.

Subsidy Boosts

The AHTF NOFA currently provides incentives in the form of subsidy boosts to projects having certain characteristics that meet the City's housing goals. The boosts are used in the calculation of the maximum eligible LAHD loan amount, which ultimately determines the project's LAHD score. The LAHD score is the key component in project ranking.

It is recommended that for AHTF Round 1, the South Los Angeles and Balanced Communities boosts be replaced with a 5% boost for projects located outside the Greater Downtown Los Angeles Area. Because the AHTF Round 1 NOFA will target projects outside of downtown and provide a subsidy boost as an incentive, it would be duplicative to provide boosts for the other geographic areas; therefore, LAHD recommends that they be deleted only for AHTF Round 1.

It is also recommended that two new boosts be added: for AHTF Round 1, a 5% boost to projects with at least 35% of the total number of units reserved for veterans and a 5% boost to

projects providing public facilities that include storage facilities and one or more restrooms, showers and washer/dryers. The 35% minimum for veterans units is the percentage that corresponds with recently released MHP guidelines on point scoring for veterans' projects; the public facilities boost is to accommodate the homeless who are not yet permanently housed and provide safe and secure locations in which to store their property.

The boosts are as follows:

Category	Current Boost	Proposed Boost
Projects located in South Los Angeles	5%	0%
Transit-Oriented District projects	5%	5%
Projects located in Balanced Communities (high cost areas)	5%	0%
Projects with loans from the New Generation Fund or Supportive Housing Loan Fund	15%	15%
Projects that Eliminate Physical or Economic Blight	5%	5%
Projects with Local Community Group(s) support	2%	2%
Projects Outside the Greater Downtown Los Angeles Area	N/A	5%
Projects with a Minimum of 35% of the Total Units Reserved for Veterans	N/A	5%
Projects Providing Public Restroom, Laundry, and Storage Facilities	N/A	5%

Accessibility Requirements and Section 504

In 2012, clarifying language was added to the AHTF NOFA and loan documents to establish measures to monitor compliance with the requirements of Section 504 of the Rehabilitation Act of 1973, as amended, which prohibits disability discrimination and implements accessibility requirements in housing developments receiving HUD funds or financial assistance. LAHD continues to confer with the City's Department on Disability to craft additional language and further refine the compliance and documentation requirements. The results will be reflected in the 2013 AHTF NOFA and related documents.

Call for Projects Seeking City Support in TCAC 2013 Round 2

In its capacity as the Local Reviewing Agency for TCAC, LAHD currently reviews all 9% LIHTC projects located within the City, including those without AHTF commitments. On behalf of the City, LAHD determines whether to support, oppose, or take no position on the projects reviewed. With the creation of the new City of Los Angeles Geographic Region, these determinations have become the most significant factor in the outcome of the tax credit competition.

Concurrent with the AHTF Round 1 NOFA, authority is requested to issue a Call for Projects, in which LAHD will solicit and review requests for City support from project sponsors who intend to apply for 9% LIHTC under the City of Los Angeles Geographic Region in TCAC Round 2.

Projects must be otherwise fully funded (no AHTF funds requested) and a TCAC Universal Application and support documents will be required, with the same due date as the AHTF Round 1 application deadline of April 15, 2013.

Projects requesting City support will be evaluated based on credit efficiency, (the amount of credits requested per unit). Support will be issued according to the amount of tax credits available, plus one additional project. No more than one senior project will be eligible to receive support.

Projects receiving a support designation through this process will not jeopardize recommended projects under AHTF Round 1 since the two groups will be competing in different tax credit categories. The AHTF Round 1 NOFA is accepting applications exclusively for permanent supportive housing, and successful applicants will be competing in the Nonprofit or Special Needs/SRO Set-Aside, while proposals submitted under the Call for Projects will compete for tax credits in the City of Los Angeles Geographic Region.

The AHTF and Calls for Projects – 2014 and Beyond

LAHD is currently making plans to engage in a public process to solicit comments for an Administrative Plan that would establish and maintain a managed pipeline of projects. The majority of the initial pipeline projects will be comprised of former CRA deals in various stages of development to maximize leveraging opportunities. As part of the public process, LAHD will confer with TCAC and other public agencies and modify the plan as appropriate. The final draft of the plan will be submitted to the Mayor and Council for consideration and approval later this year, with implementation beginning in the 2014 AHTF NOFA year.

Various Actions

Michael's Village

The Michael's Village project received a 2012 AHTF Round 2 commitment for a 32-unit rehabilitation project consisting of one 24-unit and one 8-unit building. The rehabilitation of the 8-unit building has now been completed with funds received from the County of Los Angeles but the AHTF loan has not yet closed. Therefore, it is recommended that the number of LAHD-funded units identified in the AHTF commitment be amended to reflect only the 24-unit building.

Taylor Yard and Broadway Villas

On July 5, 2012, the Mayor and Council authorized LAHD to amend the AHTF commitments for the Broadway Villas (originally funded with NSP2 funds) and the Taylor Yard project, which was originally funded with HOME funds, to allow the exchange of \$4 million in funding between the two sources (C.F. 11-1920). The exchange was necessary as a result of the dissolution of the CRA/LA and its impact on the ability of Broadway Villas to meet Neighborhood Stabilization Program 2 (NSP2) deadlines.

The land for the Broadway Villas project was purchased by the CRA/LA and transferred to the City of Los Angeles following the statewide dissolution of redevelopment agencies, and the project was awarded Neighborhood Stabilization Program 2 (NSP2) funds in order to assist Restore Neighborhoods Los Angeles (the nonprofit organization established to acquire and rehabilitate foreclosed and abandoned properties using NSP funds awarded to the City of Los Angeles) in meeting the funding commitment and expenditure deadlines imposed by the NSP. The project stalled because of uncertainty whether the Department of Finance (DOF) would make a claim on the land and title companies' resultant refusal to issue title insurance, which led to the unwillingness of construction and permanent lenders to close their loans. As a result, the project was unable to meet the deadline imposed by the NSP2 regulations of being "fully constructed and 100% occupied by February 2013".

Broadway Villas' NSP2 funds were replaced with HOME funds from the Taylor Yard project to remove the NSP2 deadline from Broadway Villas, giving the project more time while the City awaited a decision from the DOF. The Taylor Yard project had obtained an allocation of tax exempt bonds and appeared to be closer to starting construction, therefore able to meet the NSP2 February 2013 deadline.

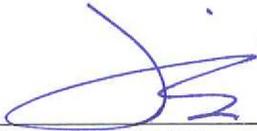
However, since that time, LAHD and RNLA had met the NSP2 funding deadlines while Taylor Yard had experienced setbacks in the closing of its financing. The NSP2 funds are now needed by RNLA to complete the rehabilitation of the numerous properties in their portfolio and it is therefore requested that \$2.8 million of NSP2 funds currently allocated to Taylor Yard be replaced with an equal amount of HOME funds.

With the DOF's decision still pending on the Broadway Villas property, an additional extension to the AHTF commitment for Broadway Villas is recommended, with an expiration date of December 31, 2013.

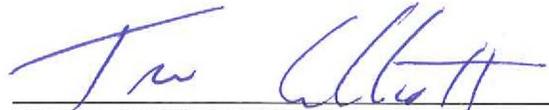
FISCAL IMPACT:

The proposed actions regarding the AHTF Round 1 NOFA would have a potential impact of \$18 million on the General Fund, which would be offset by additional property tax revenues. The proposed actions regarding the remainder of the transactions contained in this report will have no impact on the General Fund.

Prepared by:



LISA SHINSATO
Management Analyst



TIMOTHY S. ELLIOTT
Manager, Affordable Housing Trust Fund

Reviewed by:

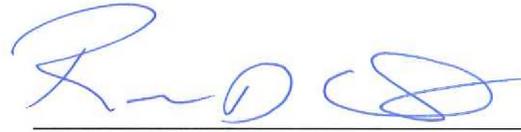


MANUEL HORACIO BERNAL
Director of Housing

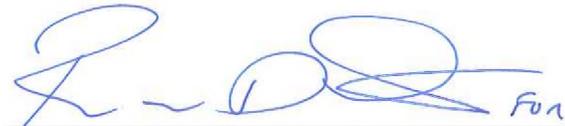
Approved by:



HELMI HISSERICH
Assistant General Manager



RUSHMORE D. CERVANTES
Executive Officer



MERCEDES MÁRQUEZ
General Manager

Attachments:

- 1) 2013 Draft AHTF NOFA
- 2) Draft Call for Projects Seeking City Support for TCAC 2013 Round 2
- 3) TCAC Local Reviewing Agency Project Evaluation Form
- 4) Jones Settlement Agreement Fact Sheet

ATTACHMENT 1

2013 DRAFT AHTF NOFA

CITY OF LOS ANGELES
AFFORDABLE HOUSING TRUST FUND
NOTICE OF FUNDING AVAILABILITY

2013 Round 1

March 8, 2013

AFFORDABLE HOUSING TRUST FUND
2013 AHTF NOTICE OF FUNDING AVAILABILITY

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Attachments: Applicable items from the following list must be completed and submitted with the AHTF application.

Category	Category Description
EXHIBITS	
_Exh01	Intentionally Omitted
_Exh02	LAHD Architectural Guidelines
_Exh03	Planning Department CEQA Process
_Exh04	Intentionally Omitted
_Exh05	South Los Angeles Map
_Exh06	Lead Program
_Exh07	HUD Section 3 Requirements
_Exh08	COI Boundary Map
_Exh09	At Risk Project Ranking Criteria
_Exh10	Intentionally Omitted
ATTACHMENTS	
Att_A01	LAHD Application (to be completed online)
Att_B01	Applicable Development Proforma with Notes / Assumptions
Att_B02	Enforceable Commitments for ALL Construction Financing
Att_B03	Enforceable Commitments for ALL Permanent Financing
Att_B04	Letter of Commitment of ALL Proposed Deferred Financing
Att_B05	Supportive or Enhanced Services Plan and /Budget
Att_B06	TCAC Application Part VI, Points System - Section F - Lowest Income
Att_C01	Organization Chart
Att_C02	Sample Signature Block
Att_C03	Assurances and Conditions
Att_C04	City of Los Angeles Business Tax Registration Certificate (<u>BTRC</u>)

Att_C05	Certificate of Good Standing
Att_C06	Articles of Incorporation and By-Laws, Operating Agreements, Partnership Agreements
Att_C07	List of Board of Directors
Att_C08	Board Resolution or Evidence of Consent from Majority Partnership Interest
Att_C09	501(c)3 or Nonprofit Designation from the IRS, if applicable
Att_C10	Financial Statements
Att_C11	LAHD Credit Check Authorization
Att_C12	Applicant's/Borrower's Certification Statement
Att_C13	List of Properties
Att_C14	List of Entities and Names of Partners
Att_D01	Relocation Plan
Att_D02	Relocation Consultant Agreement/Resume/Qualifications
Att_D03	Relocation Tenant Rent Roll
Att_D04	Gen. Info. Notice - HOME-Funded - Residential Tenant <u>Not</u> to be Displaced
Att_D04.1	Gen. Info. Notice - NSP/CDBG-Funded - Residential Tenant <u>Not</u> to be Displaced
Att_D04.2	Gen. Info Notice - Residential Tenant Who <u>May</u> Be Displaced
Att_D04.3	Gen. Info Notice - NSP - Residential Tenant Who <u>May</u> Be Displaced
Att_D04.4	Gen. Info Notice - Commercial Tenant Who <u>May</u> Be Displaced
Att_E01	Appraisal Report
Att_E02	Title Report
Att_E03	Evidence of Site Control (refer to Section 2.5 of NOFA)
Att_E04	Intentionally Omitted
Att_E05	Intentionally Omitted
Att_E06	Voluntary Acquisition Letter
Att_E06.1	Voluntary Acquisition Letter for NSP
Att_E06.2	Retroactive Voluntary Acquisition Letter
Att_F01	Letter of Support from Council Office
Att_F02	CRA-LA Letter of Acknowledgment and Support
Att_G01	Zoning Compliance (EIR, MND, CEQA Exemption, etc.)
Att_G02	Flood Insurance (if applicable)
Att_G03	Phase I and/or II Reports
Att_G04	Lead & Asbestos Report(s)
Att_G05	Soils Report
Att_G06	Engineering Inspection Report
Att_G08	Davis-Bacon Wage Statement
Att_G09	Property Management Plan
Att_G10	Architectural/Rehabilitation Plans in PDF; on CD or USB drive—one copy; two hard copies in addition, one hard copy to be delivered in person to LAHD

Att_G11	Site Photos
Att_G12	ZIMAS Parcel Profile Report (one for each APN)
Att_H01	Leveraging Source Application on CD or USB drive
Att_I01	TOD: Labeled Map
Att_I02	TOD: Scaled Distance Map and Parcel Map
Att_I03	TOD: Bus/Train/Subway Schedule
Att_I04	Intentionally Omitted
Att_I05	Balanced Communities: Labeled Census Map and Census Data with Household Income Figures
Att_I06	Balanced Communities: Scaled Map and Home Sales Data
Att_I07	NGF/SHLF: Copy of NGF or SHLF Funding Award
Att_I08	Intentionally Omitted
Att_I09	Intentionally Omitted
Att_I10	Request Letter for Lead Hazard Reduction Program
Att_I11	Physical Blight: Recorded Notice of Sub-Standard Building, Recorded by a Public Agency
Att_I12	Economic Blight: Narrative Describing Economic Conditions that Cause Blight
Att_I13	Community Support: Letter of Support from Recognized Community Group
Att_J01	Preservation/At Risk: Market Study
Att_J02	Preservation/At Risk: Current Section 8 Contract
Att_J03	Preservation/At Risk: 20-year Commitment of Affordability from HUD
Att_J04	Preservation/At Risk: HUD-MU2M Letter of Intent
Att_J05	Preservation/At Risk: HUD Real Estate Assessment Center (REAC) Sheet with Score
Att_J06	Preservation/At Risk: At Risk Self Score Worksheet

AFFORDABLE HOUSING TRUST FUND
2013 NOTICE OF FUNDING AVAILABILITY

INTRODUCTION

The purpose of this Notice of Funding Availability (NOFA) is to announce the availability of funding from the City of Los Angeles through the Los Angeles Housing Department (LAHD) to assist in the creation of affordable housing. The City's goal, through the Affordable Housing Trust Fund (AHTF), is to create housing for low and very-low income households within the City.

The housing created is intended to serve all populations identified by the California State Tax Credit Allocation Committee (TCAC), 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.

This NOFA will prioritize projects that have the ability to move quickly from predevelopment into construction and completion. The funds provided under this NOFA are to be used to fill the financing gap between the projected Total Development Cost (TDC) of the project and other available funding sources.

Interested parties may be added to the AHTF NOFA mailing list by submitting a request to LAHD_NOFA@lacity.org. The NOFA and NOFA related information is available on the Web at <http://lahd.lacity.org/lahdinternet/AHTFNOFA/tabid/366/language/en-US/Default.aspx>.

Awards Available in 2013 Round 1

Up to \$18 million dollars will be available in 2013 Round 1 for Permanent Supportive Housing projects serving chronically homeless and homeless individuals, with a preference for projects serving chronically homeless individuals located outside the Greater Downtown Los Angeles Area and those serving veteran populations.

Projects submitted under this NOFA should be structured utilizing one or more of the following funding sources:

1. 9% Low Income Housing Tax Credits (LIHTC);
2. MHP and 4% LIHTC with tax-exempt bonds; or
3. Other committed public or private sources

Regardless of the leveraged funding source, all projects are to be underwritten assuming 100% HOME funds. LAHD's funds must eventually be used in a manner consistent with the

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.

Term of 2013 Round 1 Commitment

Successful applicants under this NOFA are required to apply in the next competitive round for the proposed leveraging source. The AHTF commitments are contingent upon the project's receipt of an award from its identified leveraging source after applying to such source no more than once.

~~Applicants who do not receive an LAHD award may be reconsidered in a subsequent round, subject to the submittal of updated financial information and other documents.~~

Questions and Technical Assistance

All questions (including those regarding the AHTF regulations, or the online system) must be submitted via the "Ask a Question/FAQ" function of the online NOFA 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

ONLINE APPLICATION

The deadline to submit applications is 11:59 p.m., **Monday, April 15, 2013.**

ARCHITECTURAL PLANS and LEVERAGING SOURCE APPLICATION

The following items are due no later than 4:00 p.m., **Monday, April 15, 2013:**

- ~~Two~~ **One** hard copy sets of full-size architectural plans
- One electronic copy of architectural plans, ~~on compact disc (cd) or USB flash drive~~ **uploaded into the online application**
- One electronic copy of the primary leveraging source application on cd or USB drive

Applications will be accepted via the online NOFA application only. Forms and templates provided by LAHD cannot be modified. Applications 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. LAHD reserves the right to waive minor technical deficiencies in the application.

**AFFORDABLE HOUSING TRUST FUND
2013 NOTICE OF FUNDING AVAILABILITY
TIMELINE***

DESCRIPTION	AHTF ROUND 1
Draft NOFA posted	3/13/13
AHTF Bidders' Conference	3/21/13
Last Day to Submit List of Properties and Entities	3/25/13
Architectural Plans and Leveraging Source Application due by 4:00 p.m.	4/15/13
Online Applications due by 11:59 p.m.	4/15/13
Last day to appeal	5/7/13
Appeals Hearing	5/9/13
Final Scores and Funding Transmittal Released to Mayor's Office	5/16/13
Item scheduled for consideration by the HCED Committee	6/13/13
Item scheduled for consideration by the City Council	6/19/13
Mayor's concurrence	6/24/13
Commitment Letters issued	6/27/13
TCAC Round 2 Deadline	7/3/13

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

PART 1 PROGRAM REGULATIONS

Through this Notice of Funding Availability (NOFA), the Los Angeles Housing Department intends to fund the rehabilitation, construction and preservation of multi-family rental housing to address the needs of low and very-low income households. The City will place great emphasis on proposed projects that clearly demonstrate the ability to compete for one of the primary leveraging sources and have a proven track record in developing projects on time and within budget.

1.1 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 2.12). All applicants are subject to background checks to ensure compliance with the Business Policy, in addition to LAHD Code, Rent Registration, and Occupancy Monitoring requirements. Submittal of a proposed project by an applicant in non-compliance may result in disqualification of the project based on threshold criteria.

~~For the purposes of conducting the background check, Applicants must submit a List of Properties (Attachment C13) and List of Partners and Entities (Attachment C14) to lahd_nofa@lacity.org no later than 5:00 p.m., Monday, March 25, 2013. Any delinquencies or other LAHD Business Policy compliance issues must be resolved prior to applying for financial assistance in order to be eligible to apply under this NOFA the issuance of an AHTF commitment.~~

1.2 Eligible Projects

~~Applications will be accepted only for Permanent Supportive Housing projects serving chronically homeless and homeless individuals, with a preference for projects located outside of the Greater Downtown Los Angeles Area as defined in Section 1.9.1, and projects with at least 35% of the total number of units reserved for veterans (as defined by the Veterans Administration).~~

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 LAHD must be affordable to households at or below 60% of the area median income (AMI) for the Los Angeles Metropolitan Statistical Area. Income targeting must occur across all proposed unit types.
- 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 market study as required in Section 2.3.1 of this NOFA.

- Units must comply with the affordability requirements of the applicant's identified leveraging source.

Permanent Supportive Housing Projects

Projects seeking Project Based Section 8 Vouchers (PBV) that intend to compete in MHP or TCAC's Non-Profit Homeless or Special Needs/SRO Set Asides, or MHP's Supportive or Homeless Youth programs are eligible to apply under this NOFA. Applicants must provide responses to all HACLA questions under the HACLA Narratives tab of the online application, in addition to completing all applicable portions of the LAHD application.

To compete as a Permanent Supportive Housing project, the proposed project must serve extremely and very low income, chronically homeless special needs individuals, including veterans, and veterans, homeless families, transition aged youth (TAY), seniors and the disabled. At least fifty-seventy-five percent (50%) (75%) of the units within the project must house chronically homeless households, as defined below by HUD:

1. An unaccompanied homeless individual with a disabling condition who has been continuously homeless for a year or more; OR
2. an unaccompanied individual with a disabling condition who has had at least four episodes of homelessness in the past three years.

The remainder of the units must serve homeless households, defined as those:

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.

The definition of special needs includes, but is not limited to, a diagnosable substance abuse disorder, serious mental illness, developmental disability, or chronic physical illness or disability, including the co-occurrence of two or more of these conditions. Persons must have been sleeping in a place not meant for human habitation (e.g., living on the streets) and/or in an emergency homeless shelter during that time.

Projects ~~seeking PBVs~~ must include a supportive services plan and budget as outlined in Section 1.14 of this NOFA. ~~Projects and~~ must 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.

~~In addition, a minimum of 50% of the units reserved for single adults must serve persons with special needs who are chronically homeless. To be considered chronically homeless, a person must have been continuously homeless for one year or more OR had at least four episodes of homelessness in the past three years. Special needs include, but are not limited to, a diagnosable substance abuse disorder, serious mental illness, developmental disability, or chronic physical illness or disability, including the co-occurrence of two or more of these conditions. Persons must have been sleeping in a place not meant for human habitation (e.g., living on the streets) and/or in an emergency homeless shelter during that time.~~

Projects ~~serving chronically homeless individuals with special needs~~ 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 regulations and HACLA's PBV NOFA requirements, HACLA requirements will prevail.

~~Preservation of At-Risk projects~~

~~To be considered At-risk housing, the application shall meet the requirements of California Revenue and Taxation Code subsection 17058(e)(4) and must identify 9% tax credits as the leveraging source. In addition, the project must meet the at risk eligibility requirements under the terms of applicable federal and state law as verified by a third party legal opinion, and must score a minimum of 75 points on the Self-Score Worksheet for At-Risk Projects (Item J06 of the Application Checklist), utilizing the At-Risk Assessment Criteria, set forth as Exhibit 09 of this NOFA.~~

Projects with Other Public or Private Committed Sources

Projects that have secured commitments of public and/or private sources other than the leveraging sources listed in the Introduction may apply under this NOFA. Projects must submit "Part VI F – Lowest Income" of the TCAC application to demonstrate that affordability levels are consistent with the requirements set forth herein.

1.3 (Reserved)

1.4 Eligible Activities

Specific eligible activities are prescribed by LAHD's funding sources. 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 AHTF 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;

1.5 Ineligible Activities

Ineligible Activities include:

- Applying for AHTF awards for the sole or partial purpose of repayment of a current City or non-City residual receipts or "soft" loan.

- Reapplying for AHTF awards for the same proposed project using another source of leveraging while an AHTF commitment is still outstanding.
- Payment for the relocation of persons engaging in criminal activity or undocumented immigrants as defined by HUD in section 49 CFR Part 24.
- 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.

1.6 Current Awards & Pending Applications

Proposals that have received an award of funding through the AHTF NOFA or have an application pending at TCAC or any of the other leveraging sources are **not** eligible to apply for funding through the AHTF. Exceptions to this rule will be granted only under the following conditions:

- The current AHTF commitment has been relinquished by the applicant prior to the new application deadline; **or**
- The project type (e.g. family, seniors, special needs) has not changed since the original AHTF commitment; **and**
- Any material changes to project development costs must have been demonstrably beyond the control of the applicant.
- The applicant has obtained written approval from the Director of Major Projects prior to applying to the leveraging source.

Projects that reapply for AHTF financing pursuant to this section will be scored and ranked and will compete on par with all other applicants in this round.

1.7 Limits on Awards

No more than two (2) awards per round will be made to any one developer (or any partners).

~~Senior housing projects proposing 9% tax credits will be limited to no more than two (2) awards per round.~~

1.8 AHTF-Conditions of Commitment

Applicants receiving AHTF Letters of Commitment must apply in the next available

round of their proposed leveraging source. Applicants who fail to apply for the primary leveraging source identified in their application or fail to secure any or all sources of funding, in full or in part, will have their AHTF commitment withdrawn.

1.9 Maximum Loan Amounts

The following subsidy loan limits apply to all projects. Maximum subsidy may only be calculated for those units to be restricted at or below 60% of Area Median Income (AMI) for the Los Angeles Metropolitan Statistical Area. The maximum LAHD loan available to any one project is \$14 million. In aggregate, the total outstanding loan amount to any one borrower, developer or general partner, may not exceed 5% of LAHD's loan portfolio balance. The borrower loan limits will be updated with each NOFA release.

Unit Type	Maximum Base Subsidy	
	TCAC 9% L.A. County Geographic Apportionment, or Projects with other Public or Private Leverage Sources	TCAC Homeless-Nonprofit or Special Needs/SRO Set-Aside, MHP, or Other Sources of Homeless Funding
0 bedroom	\$83,660	\$100,000
1 bedroom	\$92,360	\$107,500
2 bedroom	\$97,360	\$115,000
3 bedroom	\$102,360	\$115,000
4 bedroom	\$107,360	\$115,000

Note: Special Needs subsidy is applied on a per-unit basis, not a per-bed basis.

1.9.1 Subsidy Boosts

The base subsidy per-unit amounts may be increased if the project meets certain criteria that further the City's housing goals as described below.

Maximum subsidy for the following types of projects will be higher than the Maximum Loan Amounts outlined in Section 1.9, as indicated in the table below:

Category	Subsidy Boost
New Generation Fund (NGF) or Supportive Housing Loan Fund (SHLF)	15%
Transit-Oriented District (TOD)	5%
Outside Greater Downtown Los Angeles Area	5%
Veterans' Housing	5%
South Los Angeles	5%
"Balanced Communities"	5%
Public Restroom Facilities	5%
Elimination of Physical or Economic Blight	5%
Additional Support from Local Community Groups	2%

Subsidy boosts may be combined and applied cumulatively, but in no case shall the maximum subsidy exceed Section 221(d)(3) maximum per-unit subsidy limits under the HOME Program, as outlined in the following table:

HOME PROGRAM MAXIMUM SUBSIDY LIMITS

Bedrooms	HOME Maximum Subsidy
0	\$ 132,814
1	\$ 152,251
2	\$ 185,136
3	\$ 239,506
4+	\$ 262,903

Descriptions of the Subsidy Boost categories are as follows:

New Generation Fund (NGF) / Supportive Housing Loan Fund (SHLF)

Projects that have received acquisition loans through the NGF or SHLF.

TOD

A TOD-eligible proposed project must be part of a transit-oriented development located within one-quarter mile from a Transit Station serving:

- Heavy Rail (*METRO Red Line*)
- Light Rail
- Bus Rapid Transit (*METRO Orange Line ONLY*)

as defined by Part 13 of Division 31 of the Health and Safety Code (commencing with Section 53560), which establishes the Transit Oriented Development Implementation Program, measured in a straight line from the nearest boundary of the Housing Development parcel to the outer boundary of the Transit Station site; and within one-quarter mile from a Transit Station, measured from the nearest boarding point of the Transit Station to the entrance of the residential structure in the Housing Development furthest from the Transit Station along a walkable route. The walkable route, after completion of the proposed Project, shall be free of negative environmental conditions that deter pedestrian circulation, such as barriers; stretches without sidewalks or walking paths; noisy vehicular tunnels; streets, arterials or highways without regulated crossings that facilitate pedestrian movement; or stretches without lighted streets.

For applications requesting the TOD subsidy boost, the following documentation is required:

- Scaled Distance Map and Parcel Map
- Orange Line Bus/Train/Subway schedules

Outside Greater Downtown Los Angeles Area

Projects generally located outside of the Greater Downtown Los Angeles Area. For the purposes of the NOFA, the Greater Downtown Los Angeles Area boundaries are:

- 101 freeway to the north
- Alameda Street to the east
- 10 freeway to the south
- 110 freeway to the west

Veterans' Housing

Projects with at least 35% of the total units reserved for veterans; the Veterans Administration's definition of veteran must be used to determine eligibility.

South Los Angeles

A proposed project must be situated within the South Los Angeles boundaries (Exhibit 05). The geographic boundaries of South Los Angeles are defined as:

- Pico Boulevard to the North
- Alameda Avenue to the East
- The 405 Freeway to the South
- La Cienega Boulevard to the West

Balanced Communities

Eligible developments must be located within a high income area, to encourage the creation of affordable rental housing. The proposed development may qualify if: a) it is located within a census tract where the average income is at or above 100% of the Los Angeles Long Beach Santa Ana, CA Metropolitan Statistical Area median, as verified by census data; or, b) located within a ½ mile radius where the average home sales prices are above 100% of the area median sales price for Los Angeles County, as published by the Standard & Poor's/Case-Shiller index of home prices or the California Association of Realtors.

Public Restroom Facilities

Eligible projects must provide restroom facilities as described in the Architectural Guidelines.

Elimination of Physical or Economic Blight

Physical Blight: Under current ownership, the project will replace or rehabilitate buildings in which it is or was unsafe or unhealthy for persons to live or work. These conditions must be evidenced by:

- A recorded notice of serious building code violations or serious dilapidation and deterioration caused by long term neglect.

- A seismic engineering study indicating that the building is unsafe due to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities.

Economic Conditions that Cause Blight: The project site must contain buildings or lots that cannot be economically used because of substandard size, obsolete design, lack of parking, substandard or defective construction, or have abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.

Additional Support of Local Community Groups

Projects that can demonstrate written support from recognized local community groups, beyond the requirements of Section 2.4 of this NOFA. Documentation must contain satisfactory evidence of the authorization of all signatories.

1.10 Density Bonus, Land Use Covenant

Projects approved under Section 12.22 A.25 of the Planning and Zoning Code (*including parking reductions*) implements 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 dwelling units are set aside for Low or Very Low Income Households as defined by Sections 50079.5 and 50105 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 (TCAC) 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 Divisions prior to submitting an application under this NOFA.

1.10.1 Land Use Covenant

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, applicant/borrower must contact the Land Use Division and ~~to~~ submit documentation ~~in advance~~ to allow LAHD ample time to complete the land use covenant prior to loan closing.

The Occupancy Monitoring and Land Use Divisions can be reached at (213) 808-8806.

1.11 Loan Terms and Conditions

- 1.11.1 Type**
Acquisition, Predevelopment and Construction or Permanent Financing only.
- 1.11.2 Interest Rate** - The interest rate for all loans is 5% (simple interest). LAHD reserves the right to negotiate a higher or lower interest rate if it is found to be beneficial to the project.
- 1.11.3 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.
- 1.11.4 Payment** - Interest will be paid from residual receipts of the project. Unpaid interest will be deferred and due at maturity of the loan.
- 1.11.5 Term** - Forty-Two (42) Years (24 month construction period plus 40 year permanent loan period). LAHD reserves the right to negotiate a longer term if it is determined to be necessary for financial feasibility.
- 1.11.6 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.
 - 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.
- 1.11.7 Relocation**
Permanent displacement of the project site's residents is to be minimized. The cost of relocation will be considered in assessing the feasibility of the proposed development. If a new construction project entails relocation or permanent displacement, the project must net a minimum of 100% more units (i.e., double) than the amount proposed to be demolished.
- If the proposed site was occupied during the six months prior to or during purchase negotiations, a relocation plan and assessment must be submitted. In addition, a copy of the relocation consultant's agreement and the consultant's resume/qualifications must be provided.
- The relocation plan must be completed and carried out by a qualified relocation consultant. The relocation plan must include at a minimum:

- A reasonable cost estimate;
- Identification of the number of households or businesses to be displaced;
- A current rent roll at the time of this application;
- Addresses of the required relocation notices; and,
- A description of the proposed advisory services to be provided to the displaced households/businesses.

The relocation assessment must be completed by a qualified relocation consultant and must include a detailed cost estimate based on compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act) and other HUD requirements including Section 104(d) of the Housing and Community Development Act.

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), whichever is applicable to each individual household and is most financially beneficial to the individual household. Please note that at minimum, the RSO relocation benefit 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 this NOFA can only reimburse relocation costs that are supportable by URA and Section 104(d) regulations.

A completed Relocation Tenant Rent Roll (Attachment D03) must also be submitted.

URA regulations require that persons who are scheduled to be displaced must be provided with a General Information Notice (GIN) (Attachment D04) as soon as feasible. For the purposes of this NOFA, "as soon as feasible" is the application deadline date for NOFA applications. It is therefore required that copies of the General Information Notices sent to each of the tenants residing at the project site be submitted with the NOFA application, along with proof that the notices were received by the intended recipients. 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 NOFA 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 the loan commitment, and evidence of such notices must be received by LAHD within 30 days of service to the displace and/or property owner. If the project fails to

secure a funding commitment, either through this NOFA or the chosen leveraging source(s), all GINs must be rescinded.

In addition to the other requirements of this section, Voluntary Acquisition Letters (Attachment E06) must be submitted at the time of NOFA application. For more information regarding Voluntary Acquisition Letters, please refer to Section 2.5, Site Control.

1.11.8 Property Management

Skilled property management is critical to the success of affordable housing developments. At the time of application, candidates must submit a Property Management Plan (Attachment G09). This information will be used in the proposal evaluation process. Before LAHD will commit to funding any loan for a project selected through the NOFA process, the developer must submit the qualifications of its management entity. 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.

1.11.9 Leasing Preference

~~For AHTF-funded projects, the developer must ensure that leasing priority is granted in the following order prior to offering the units to the general public:~~

- ~~•To displaced tenants meeting income and other eligibility requirements~~
- ~~•To persons currently residing in the City of Los Angeles meeting income and other eligibility requirements~~

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~~The 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 notices, with proof of delivery, must be delivered to LAHD for all tenants that were listed in the Relocation Tenant Rent Roll.~~

~~Projects requesting Project Based Section 8 Vouchers (PBV) For AHTF-funded projects, developers must comply with the leasing preferences outlined in the Housing Authority of the City of Los Angeles PBV NOFA, if available, which 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. LAHD and the agencies participating in this NOFA reserve the right to implement a coordinated entry system/centralized waitlist for these projects in the future.~~

~~In order to help house “situationally homeless” families, the Housing Authority of the City of Los Angeles (HACLA) has agreed to work with the LAHD in creating a process that facilitates giving preference in leasing to families referred by non-profit agencies providing social services under contract with HACLA. Please note that the “situationally homeless” families referred to these projects by HACLA contract agencies shall NOT demonstrate the need for intensive services. For all intents and purposes, leasing preference shall be extended to families that have experienced a recent, non-chronic episode of homelessness. Tenants would also be required to meet all of the project’s occupancy requirements. The developer/property management company would not, however, be required to hold 10% of its units off line if a sufficient number of qualified, priority referrals are not received along with the at-large pool of applicants.~~

Tenant Referral Process – PBV Units

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

1.11.10 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 AHTF 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.

1.11.11 Equity Share

For any loan funded by the LAHD, if the borrower fails to perform within a specified period of time and the property is ultimately sold, LAHD will be entitled to a share in any appreciation that has occurred between the price paid at acquisition and the time of sale. LAHD's share in the appreciation will be equal to the proportion of the LAHD loan amount to the original purchase price of the property.

1.11.12 Repayment

Acquisition/Pre-Development and Construction Loans - Payment of principal and interest will be deferred during the predevelopment and construction periods as long as the project is not in default.

Permanent Loans - Permanent Loans are generally repaid through a residual receipts note which allows the project to repay principal and accrued interest

when adequate cash flow is available for distribution. LAHD receives its pro-rata share of the cash flow remaining after the following allowable deductions: (1) operating expenses calculated on a cash basis; (2) debt service on senior project debt; (3) payments to the operating reserve fund; (4) payments to the replacement reserve fund; (5) deposits to the supportive services reserve fund; (6) repayment of general partner loans; (7) deferred developer fees; and (8) related party management fee up to fifteen thousand dollars (\$15,000).^{*} LAHD will allow no other fees to be deducted prior to payment of residual receipts to the LAHD.

** The maximum allowable pre-approved related party management fee is up to \$15,000. 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.*

1.11.13 Security

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

1.11.14 Subordination

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

1.11.15 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 TCAC, MHP, 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.

1.11.16 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:

- Development or operational cost overruns
- 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 comply with all applicable accessibility standards
- 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
- Bankruptcy
- Dissolution or insolvency of the ownership entity

1.12 Cost and Pricing Guidelines

1.12.1 **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 prepared by a California State Certified General Appraiser prepared not more than six months prior to the date of the property's acquisition. The appraisal may not determine property value based solely on 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.

1.12.2 **Tax Credit Pricing**

In lieu of updated tax credit pricing guidelines from TCAC, applicants should assume the tax credit pricing from the investor's Letter of Interest. However, LAHD will not approve a loan based on assumptions that are unreasonable or inconsistent with industry standards.

1.12.3 **Cost Controls**

All contracts, including but not limited to Owner/Architect, Owner/Consultants and Owner/General Contractor must be approved by LAHD. All contract agreements entered into prior to submittal of an AHIF application are subject to LAHD review and approval.

Developers are required to submit a completed LAHD Proforma (Attachment B01) in Excel format; PDF copies will not be accepted. 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 application and any estimates considered to be excessively high or low may result in the rejection of the application. Applicants should not expect LAHD to fill any additional financing gaps that occur as a result of rising prices.

1.12.4 **Competitive Bid – General 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 Borrower 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.

1.12.5 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.

1.12.6 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 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. **Project sponsors shall be responsible for complying with the applicable wage scale as determined by the City.**

1.12.6.1 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, alteration or repair of single-family houses, 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.

1.12.6.2 State Prevailing Wage Requirements

Any project funded in whole or in part with 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:

- 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>

1.12.7 Contractor Accountability

Guaranteed Maximum (GMAX) contracts

General Contractors will be required to use a Guaranteed Maximum (GMAX) price contract with a cap of 14% on profit, overhead, and general conditions.

Construction Contract Audit

An audit of the construction contract will be incorporated into the Cost Certification process at project conclusion. LAHD will require a third party accountant's opinion that includes a calculation of profit, overhead, and general conditions as a percentage of the total contract amount.

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.

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 .03% of the construction contract must be paid in ~~monthly installments by the contractors to support the system~~ full by the project sponsor within 30 days of execution of the LAHD loan.

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 B01): 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 4.6, 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 this NOFA. 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 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.

1.12.8 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 HACLA must use HACLA's utility allowance.

1.13 Architectural Design

All proposed projects shall undergo an architectural review. To be competitive, the project design should comply with LAHD Architectural Guidelines. TCAC projects must score the minimum number of points according to TCAC's Sustainable Building Methods criteria as outlined in the Architectural Guidelines (Exhibit 02).

For "cosmetic rehabilitation projects", applicants are required to submit a property needs assessment report or engineering inspection report as described in Section 2.3.5 of this NOFA. 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 02.

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.

1.13.1 Accessibility Requirements

All applicants must identify a Certified Access Specialist Program (CASp) consultant as part of the development team at the time of application. In addition, all developments must comply with applicable accessibility standards, and must include the following:

- 2% of the total units accessible to persons with sensory disabilities
- 5% of the total units accessible to persons with mobility disabilities

1.14 Supportive or Enhanced Services

~~— All housing developments would benefit from a coordinated services program that enhances the physical living environment provided by the project. If supportive or enhanced services are proposed, a supportive services plan and budget are required and will be evaluated as part of assessing the long-term viability of the project.~~

All projects ~~seeking HACLA PBVs~~ must submit a supportive services plan detailing the services to be provided to the target population, frequency of services, monitoring of clients' participation in services and measurement of clients' successful completion of services. The funding sources of the supportive services must be provided. The supportive service provider(s) must be identified and letters of commitment and/or contractual agreements with those agencies must be provided. The aforementioned items must be submitted under the HACLA Support Documents tab of the online application.

Applicants ~~of projects serving the chronically homeless~~ 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. 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.

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.

If available, please refer to the PBV NOFA at the HACLA website for details regarding the supportive service ~~plan~~ requirements. For discrepancies between these regulations and HACLA's PBV NOFA requirements, the HACLA requirements will prevail.

1.14.1 ~~Service Coordination for~~ Supportive Services Case Management and Funding

Case management must include outreach and engagement with tenants. The following Case Manager-to-tenant ratios apply:

- No more than 15 units of chronically homeless
- No more than 30 units of homeless with special needs
- No more than 45 units of low income senior or other tenant populations

Project sponsors will be permitted to establish a Supportive Services Reserve Fund in which funds from operating expenses are deposited into an account for the purposes of providing supportive services ~~coordination~~ for the project's tenant population. Deposit amounts are as follows

- \$4,000 per unit per year for the chronically homeless
- \$2,250 per unit per year for homeless with special needs
- \$100 per unit per year for low income senior and other tenant populations

Requests for disbursement must be submitted in writing and will be subject to LAHD approval. 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 NOFA, if available.

Inflation for the annual service coordination fee (on the \$100, \$2,250, or \$4,000 per unit, per year base) may be indexed according to the Consumer Price Index-All Urban Consumers for the Los Angeles/Riverside/Orange County areas (CPI). The calculation will be based on the change in the CPI over the previous calendar year, expressed and rounded to the nearest whole number.

1.15 Notices to Developers Regarding 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 this NOFA assume federal funds, the environmental review process and clearance must meet NEPA standards.

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 03). NEPA and CEQA environmental laws differ in their requirements; project approval under CEQA does **not** constitute NEPA project approval, and vice-versa.

An initial award of funds does not constitute a commitment of funds or site approval until satisfactory completion of a NEPA environmental review and receipt by the City of Los Angeles of a Release of Funds from HUD under 24 CFR Part 58. The provision of any funds to the project is conditioned on LAHD's determination to proceed with, modify or cancel the project based on the results of subsequent NEPA environmental review. Furthermore, the applicant shall not undertake or commit any funds to physical or choice-limiting actions, including further property acquisition, demolition, movement, rehabilitation, conversion, repair or construction prior to the NEPA environmental clearance. Violation of this provision may result in the denial of funds.

1.16 Other Public Benefit Requirements

1.16.1 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.

1.16.2 Article XXXIV Requirements

All projects, both new construction and rehabilitation, must be in compliance with Article XXXIV of the California State Constitution.

1.16.3 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 C03). By doing so, the

applicant acknowledges understanding of and agreement with the provisions that will be required at the time of contract negotiations.

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. **Insurance:** The chosen contractor(s) must provide evidence of minimum insurance coverage requirements.
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.
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.
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).
6. **Proof of IRS Number (W-9):** All contractors are required to complete and submit the Proof of IRS Number (W-9) Form.
7. **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 Slavery Disclosure Ordinance, Section 10.41 of the Los Angeles Administrative Code.

8. **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.

1.17 Incentive Programs

1.17.1 This Section intentionally left blank

1.17.2 Lead-Based Paint Hazard Remediation Program

LAHD will continue to make available the Lead-Based Paint Hazard Remediation Program as an additional financial incentive. Projects submitted for funding may qualify to receive additional funds to finance the remediation of lead-based paint hazards (Exhibit 06). Projects that meet the program's requirements may receive up to \$4,500 per unit (a maximum of \$225,000 per project) in additional funding. These funds would not be subject to the subsidy limits outlined in Section 1.9.

PART 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 LAHD NOFA threshold requirements for new construction and/or rehabilitation projects. If an application does not meet these threshold requirements, it will not be considered for funding. 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 Leveraging Source Application

In combination with the online NOFA application, applicants must submit **one (1) electronic version of a complete leveraging source application with all applicable attachments, on cd or flash drive (no hard copies accepted)**, for one of the following leveraging sources:

- 9% Low Income Housing Tax Credits;
- **MHP with 4% tax credits and tax-exempt bonds;** or
- Committed public or private sources

Leveraging Source applications must be received by 4:00 p.m., **Monday, April 15, 2013**, at:

Los Angeles Housing Department
Public Counter, First Floor
1200 West 7th Street
Los Angeles, CA 90017

Failure to provide copies of the leveraging source application will result in the proposed project being rejected based on threshold criteria.

2.2 Organizational Documentation

2.2.1 Formation

Applications must identify ALL members of the Development Team. The following documents (as applicable), must be submitted:

1. An organizational chart of the proposed ownership structure, supported by all required organizational documents for each entity shown on the chart;
2. A current Business Tax Registration Certificate issued by the City of Los Angeles;

A. WITH RESPECT TO A CORPORATION:

- 1) Certificate of Good Standing issued by the Secretary of State, issued within six months prior to the NOFA 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 NOFA application deadline. The resolution must include:
 - a. Authorization to participate in the NOFA
 - 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 501C(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 NOFA, 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 A 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

3. Sample signature block to be used in execution of loan documents entered into with LAHD

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

- A. Chairman of the Board, President, or any Vice-President; and,
- B. Secretary, any Assistant Secretary, Chief Financial Officer, or any Assistant Treasurer

2.2.2 Financial Statements

Financial statements for the last three years (Balance Sheet, Income Statements, Cash Flow Statements with notes) shall be submitted with the complete NOFA application and as applicable, subsequent Quarterly Statements.

2.3 Reports

2.3.1 Appraisals

All applicants that will be requesting LAHD funds for acquisition reimbursement must submit an AS IS appraisal prepared not more than six months prior to the date of the property's acquisition. If the property has not been purchased, applicants must submit an AS IS appraisal prepared not more than six months prior to the date of the purchase contract. The appraisal must be prepared by a California State Certified General Appraiser. In addition, the appraisal may not determine property value based solely on sales comparables of properties financed by public agencies. If a residential income approach is not utilized, applicants may submit either a separate market study completed within the last six (6) months, or the "TCAC Rent Comparability Matrix".

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

Every application must include a Phase I Environmental Assessment, which must follow the standards outlined in American Standards of Testing and Materials (ASTM) E 1527-05, to determine the potential presence of onsite and neighboring property contamination (including but not limited to lead-based paint, asbestos, and methane). 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.

2.3.3 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 report indicating that the presence of lead is assumed and the appropriate federal, state, and local lead 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" (June 1995), including Chapter 7, Lead-Based Paint Inspection (1997 Revision), which are the industry standard. If the assessment determines that lead is present, (except for new construction with complete demolition of the existing structure demolition as indicated above), a Lead Abatement Plan must be submitted.

2.3.4 Soils Report

All new construction projects must submit a soils report completed within the past twenty-four (24) months 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 description of the field exploration and laboratory tests performed; evaluation of soil liquefaction potential; conclusions and recommendations relating to construction of the proposed residential development based upon the analyses of data from exploration and testing programs; and, knowledge of the general and site-specific characteristics of the subsurface soils. 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.

2.3.5 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.

~~At-risk rehabilitation projects should also include a work write-up, detailed specifications, schematic drawings, plot plan, floor plan, and cost estimate.~~

2.3.6 Environmental Review and Historic Preservation

The following items must be submitted with the NOFA 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 G11)
- 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)

In addition to submitting the above items as part of the online application, applicants are strongly advised to submit this documentation separately, **two weeks** in advance of the NOFA application deadline, to allow LAHD's Environmental Unit sufficient time to complete the environmental review prior to the leveraging source application deadline. Packages should be mailed to:

<u>Los Angeles Housing Department</u>
<u>Affordable Housing Trust Fund - Environmental Pkg.</u>
<u>Attention: Tim Elliott, Manager</u>
<u>c/o LAHD Public Counter</u>
<u>1200 W. 7th Street, 1st Floor</u>
<u>Los Angeles, CA 90017</u>
<u>Telephone: (213) 808-8596</u>

2.4 Community Support

Council Office Support

All applicants must submit a letter of support for commitment of City funds to the project from the Council Office(s) in which the project site(s) is/are located (Attachment F01). The date of the letter must be within six (6) months prior to the application deadline date.

2.5 Site Control

At the time of application, the applicant must demonstrate that the property was acquired from the seller voluntarily and that the applicant has and will maintain control of the property for which a City loan is requested, through the period required by the identified leveraging source. A current title report (no more than 90 days old) must accompany site control documents. Evidence of site control may be demonstrated by any of the following documents:

- Fee title as demonstrated by a current title report (within 90 days of this application date)
- 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 with a public agency (e.g., the Community Redevelopment Agency)

Because AHTF commitments assume the use of federal funds, each purchase option or purchase agreement submitted in fulfillment of this threshold requirement must contain an acknowledgement 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.

Regardless of whether relocation is involved, documentation regarding the voluntary acquisition of the property must be submitted as part of the AHTF application. Proof of voluntary acquisition shall consist of a Letter Regarding Voluntary Acquisition (Attachment E06). The letter shall be typed 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 NOFA 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.

2.6 Zoning and Land Use Compliance

The applicant 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. Affordable Housing Referral forms are no longer required as part of the AHTF application. 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 NOFA application, TCAC Attachment 18A (Local Development Impact Fees) and Attachment 26A (Local Approvals) signed by the Development Team's architect are acceptable.

2.7 Architecture and Design Use Criteria

Applicants must provide written rationale that explains the project design, and ~~at minimum,~~ submit ~~two (2)~~ one (1) hard copy sets of 24" x 36" architectural plans, ~~and one (1) electronic copy on cd or flash drive in PDF format.~~ in addition to uploading the architectural drawings in the online application. 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).

Architectural plans must be received by 4:00 p.m., **Monday, April 15, 2013**, at:

Los Angeles Housing Department
Public Counter, First Floor
1200 West 7th Street
Los Angeles, CA 90017

2.8 Minimum Feasibility

All projects must demonstrate financial viability supported by a 15-year cash flow proforma which shows positive cash flow. Projects must use the respective underwriting criteria required by the identified leveraging source in combination with LAHD guidelines detailed in Part 4 of these Regulations. **Proformas submitted must be submitted in Excel format (PDF copies will not be accepted)** and accompanied by funding commitments from all construction and permanent financing sources identified

except the leveraging source proposed. Letters of commitment must also be submitted for any proposed deferred funding source.

2.9 Relocation

Applicants must adhere to all requirements outlined in Section 1.11.7 if the proposed site was occupied during the six months prior to or during purchase negotiations.

2.10 Defaults, Foreclosures and Citations

All applicants, 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 C11). 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.

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

Applicants 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 G08).

2.12 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 ~~at the time prior to the submission of the~~ NOFA application, 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 C13). 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 C14). **Both attachments are due no later than 5:00 p.m., March 25, 2013 and must be submitted via email to lahd_nofa@lacity.org.**

LAHD will conduct a background check based on the information provided to determine if any outstanding financial statements, residual receipts payments, Rent Registration or Code (SCEP) fees are due, if there are unpaid property taxes, lapsed insurance, Occupancy Monitoring (tenant eligibility) issues, 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.

2.13 Contracts

Copies of all contracts entered into as part of the development of the proposed project must be submitted as part of the NOFA application and are subject to LAHD approval.

2.14 Untenable and Substandard Units

The "Applicant(s)/Borrower(s) Certification Statement" (Attachment C12), requires that the applicant list 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 or eligible for funding until the deficiencies are cured. If deficiencies are not resolved, the application will be denied for failure to meet threshold criteria.

2.15 Property Management Plan

At the time of application, applicants must submit a property management plan (Attachment G09). This information will be used in the proposal evaluation process.

Before LAHD will commit to funding any loan for a project selected through the NOFA process, the developer must also submit the qualifications of its management entity.

2.16 At-Risk Criteria

~~Preservation projects must complete the Self Score Worksheet for At Risk Projects (Attachment J06) and submit it with the application. Each preservation project must receive a minimum point score of 75 on the Self Score Worksheet, as determined by LAHD staff in accordance with the At Risk Assessment Criteria (Exhibit 09).~~

PART 3 SELECTION CRITERIA

Each application will be evaluated and scored according to the criteria established by the respective leveraging source that has been identified by the applicant. As such, applications should be structured utilizing the most recent selection criteria established by the leveraging source.

In addition to the selection criteria of the proposed primary funding source, LAHD will also consider the following factors during its final ranking and selection. Please note that proposed projects that do not satisfy this NOFA's threshold requirements will not be evaluated.

3.1 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 the identified leveraging source, in combination with LAHD guidelines detailed in Part 4 of these Regulations.

3.1.1 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 1.12.7 – *Cost Certification* for details regarding specific requirements under this NOFA.

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:

3.1.1.2 Assessment of 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.

3.2 **Architectural Design Review**

At minimum, a Conceptual Design Submittal package is required with the application. For additional information regarding Architectural Design Review and submittal requirements, refer to Exhibit 02. All proposed projects will be evaluated on design issues related to site planning, common spaces/circulation, ~~and~~ 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.

3.3 **Negative Points**

Applicants who receive an AHTF commitment and fail to apply for the primary leveraging source as required under this NOFA will have their LAHD commitment revoked. Additionally, the applicant may be assessed a point-penalty in any subsequent loan application made to the LAHD. Unless it can be demonstrated to the satisfaction of LAHD that the circumstances were entirely outside of the applicant's control, the General Manager may exercise his/her discretion in deducting up to 10 points from an applicant's score for the next application submitted by the general partners, co-developers, development consultants or any member of the identified development team found to be in noncompliance.

PART 4
UNDERWRITING GUIDELINES

4.1 Replacement Reserve

A minimum replacement reserve of \$300 dollars per unit, per year shall be set for all unit types, except senior units, which will be set at \$250 per unit, per year. However, if TCAC, MHP or HUD should adopt regulations that differ, the 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.

4.2 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 submission of the application and at loan closing. The actual operating reserve account must be established and fully funded within 120 days of completion of construction. However, if TCAC, MHP or HUD should adopt 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

4.3 Debt Coverage Ratio

The Debt Coverage Ratio for the first year shall not be less than 1.15:1 or greater than 1.20:1, except where the applicable leveraging source regulations state otherwise. A ratio of at least 1.15:1 is required for the full projection period.

4.4 Maximization of Developer Fee

The maximum developer fee allowed by the identified leveraging source may be included in project costs. The maximum developer fee that may be eligible for payment from construction or permanent financing sources shall be one million, four hundred thousand dollars (\$1,400,000), with any unpaid developer fee balance to 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 the deferred developer's fee will be 15 years. Interest on deferred fees should be payable from the developer's share of residual receipts.

4.5 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 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.

4.6 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;

4.7 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.

PART 5
APPLICATION PROCESS AND REQUIREMENTS

5.1 General Rules

The following general rules will apply to all applications submitted under the Affordable Housing Trust Fund:

1. This NOFA is open for rental housing projects which *intend to apply* in the next available round to TCAC, MHP or CDLAC. Therefore, the AHTF application must be submitted to LAHD with the corresponding primary leveraging source application. As such, developers must select only one primary leveraging source and provide only one financing structure for the proposed project.
2. All applications must be received by the required date for each established round. Applicants are encouraged to submit their projects as early as possible.
3. Incomplete applications will not be considered for funding. It is the responsibility of the applicant to ensure completeness of their submittal.
4. Staff will begin reviewing and underwriting proposals as soon as they are received.
5. Applicants will be subject to a background check to ensure compliance with LAHD Business Policy.
6. ~~The following All documentation-information and support documents relevant to the proposed project must be submitted with all-the applications. The completion of all applicable sections of the LAHD-supplied application is required., which includes, but is not limited to:~~
 - ~~Funding Round;~~
 - ~~Leveraging source;~~
 - ~~Applicant information including: applicant name; address; contact person; Federal Tax I.D. Number; City of Los Angeles Business License Number; borrowing entity; indication if CHDO or non-CHDO;~~
 - ~~Development Team information including: developer name; phone number; fax number; Federal Tax I.D. Number; City of Los Angeles Business License Number;~~
 - ~~Project characteristics including: project name; site address; site assessor's parcel number; Council District Number; census tract number; Federal Congressional District Number; State Assembly District Number; State Senate District Number; indication if the site is in a recognized Neighborhood Revitalization area; site dimensions; current zoning; labeled photographs of the subject property and all adjacent properties;~~
 - ~~Project Type including: type of LAHD incentive programs to which the project will be applying; number or type of units; and, relocation requirements;~~
 - ~~Sources of financing including interim financing and permanent financing;~~

- Requested subsidy amount including: maximum allowable subsidy per unit; total LAHD loan requested; total LAHD Gap requested per unit; and total subsidy leverage percentage;
- Uses of funds;
- Narrative description of proposed project;
- All applicable supporting documents

5.2 Application Scoring

This is a competitive NOFA, and project applications will be scored and ranked according to the evaluation criteria set forth by the respective leveraging source and in combination with the criteria set forth below.

Projects will be ranked according to the lowest ratio of calculated gap financing relative to the maximum eligible LAHD loan amount, including all eligible boosts.

~~For each project category listed below,~~ LAHD funding commitments will not exceed the amount within each leveraging source's funding or credit ceiling.

Projects will be given priority in the following order:

1. ~~Projects that intend to compete in the TCAC Non-Profit/Homeless or SRO Set-Asides, or projects with other sources of Homeless funding, such as MHP Supportive or Homeless Youth, will be ranked equally under the above criteria. These projects will be funded until all LAHD homeless set-aside funds are exhausted.~~
2. ~~Projects competing in the TCAC At-Risk set-aside and other At-risk projects will compete against each other.~~
3. ~~All other projects that intend to compete in the TCAC Los Angeles County Geographic Apportionment.~~
2. ~~Projects with commitments from sources not listed in Section 1.8 above will be ranked together with the above applications only if proposed affordability levels are similar. Projects with higher proposed average affordability levels will be given lower priority.~~

To assure maximum competitiveness of applications, subsidies for 9% tax credit projects will be based on the amount necessary to achieve an apparent TCAC tie breaker that can reasonably be perceived to be successfully in the next funding round.

5.3 Application Submittal and Review

Applicants must use the online application and forms provided or approved by LAHD. Application forms must not be modified.

Deadline for Submission of List of Properties and Entities

The deadline to submit the List of Properties and List of Partners/Entities is 5:00 p.m., Monday, March 25, 2013. Both lists must be submitted in Excel format using the forms provided in the online application (Attachments C13 and C14), and must be submitted via email to lahd_nofa@lacity.org.

Deadline for Online Submissions

The application deadline for online submissions is 11:59 p.m., Monday, April 15, 2013.

Deadline for Architectural Plans and Leveraging Source Application

Architectural Plans and Leveraging Source applications must be received by 4:00 p.m., Monday, April 15, 2013, at:

Los Angeles Housing Department
Affordable Housing Trust Fund
Attention: Tim Elliott, Manager
c/o LAHD Public Counter
1200 W. 7 th Street, 1 st Floor
Los Angeles, CA 90017
Telephone: (213) 808-8596

Architectural Plans

~~Two (2)~~ **One (1)** hard copy sets of 24" x 36" architectural plans, ~~and one (1) electronic copy on cd or flash drive in PDF format are required~~ in addition to the electronic copy provided in the online application.

Leveraging Source Application

One (1) electronic copy of the leveraging source application must be submitted on cd or flash drive.

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

Architectural Plans and Leveraging Source applications shall be accepted only at the location specified above. If the items are delivered to locations other than the above address, they shall not be accepted and the NOFA application will not be considered.

5.4 Appeal Process

Applicants who are unsuccessful may appeal LAHD's recommendations. LAHD will establish and implement an appeal process which incorporates outside panelists with experience in multi-family housing development. Specifically, LAHD will entrust the panelist with reviewing the AHTF scoring methodology for consistency and applicability with the TCAC's criteria. The panel will have the authority to overturn LAHD's recommendation with a simple majority vote. In the event of a tie, the General Manager of the LAHD will cast the deciding vote.

5.5 City Council Approval Process

Final score and ranking recommendations will be reviewed by the Mayor's Office, City Administrative Officer, the Chief Legislative Analyst, the Housing, Community, and Economic Development 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.

5.6 Release of Funds

Due to the contingent nature of commitments made by LAHD through the AHTF, 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.

ATTACHMENT 2

DRAFT CALL FOR PROJECTS
SEEKING CITY SUPPORT FOR
TCAC 2013 ROUND 2

**CITY OF LOS ANGELES
AFFORDABLE HOUSING TRUST FUND**

**CALL FOR PROJECTS
SEEKING DESIGNATION OF CITY SUPPORT
FOR 2013 ROUND 2 OF THE
CALIFORNIA TAX CREDIT ALLOCATION
COMMITTEE**

March 8, 2013

AFFORDABLE HOUSING TRUST FUND

CALL FOR PROJECTS SEEKING DESIGNATION OF CITY SUPPORT FOR 2013 ROUND 2 OF THE CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Through this Call for Projects, the Los Angeles Housing Department intends to issue its support for selected multi-family rental housing that addresses the needs of low and very-low income households.

City Support designations are available for fully funded affordable multi-family rental projects that intend to apply for 9% Low Income Housing Tax Credits (LIHTC) in 2013 Round 2 of the California State Tax Credit Allocation Committee (TCAC).

This Call for Projects will prioritize projects that have the documented ability to move quickly from predevelopment into construction and completion, and have demonstrated tax credit efficiency. The Support designations provided in accordance with this Call for Projects will be part of the Los Angeles Housing Department's Local Agency Review, which it performs for TCAC on all 9% LIHTC applications for projects located within Los Angeles City limits, regardless of whether an AHTF commitment has been awarded.

City Support Designations Offered for TCAC 2013 Round 2

The number of City Support designations to be issued will take into account the amount of tax credits requested by each project versus the available credits in the Los Angeles City Geographic Apportionment.

Term of City Support Designation

Successful applicants under this Call for Projects are required to apply in the next competitive TCAC round. The Support designation is valid for TCAC 2013 Round 2 only.

Limits on Support Designations

No more than one (1) support designation will be issued to any one developer (or any partners).

Senior housing projects will be limited to no more than one (1) support designation.

Questions and Technical Assistance

All questions must be submitted via email to lahd_nofa@lacity.org.

To ensure the fair and consistent distribution of information, all questions will be answered on the AHTF webpage; the URL is <http://lahd.lacity.org/lahdinternet/AHTFNOFA/tabid/366/language/en-US/Default.aspx> or click [here](#) to be redirected to the webpage. Questions will not be accepted via phone, direct email to LAHD staff or by any other means. No individual answers will be provided. The FAQ page will be updated on a regular basis to ensure the prompt delivery of information.

Required Documents

All requests for City support must include the following:

1. A completed List of Properties and List of Partners and Entities, using templates provided by LAHD
2. A completed TCAC Universal Application in MS Excel format
3. Copies of executed enforceable commitments for all financing
4. Site control documentation - submit one of the following:
 - a. A current title report (within 90 days of application) showing the applicant holds fee title; and one of the following:
 - i. an executed lease agreement or lease option for the length of time the project will be regulated under TCAC, between the applicant and the owner of the subject property;
 - ii. an executed disposition and development agreement between the applicant and a public agency; or
 - iii. a valid, current, enforceable contingent purchase and sale agreement or option agreement between the applicant and the owner of the subject property. Evidence must also be provided that all extensions and other conditions necessary to keep the agreement current through the application deadline have been executed.
5. Appraisal
 - a. New construction: an "as-is" appraisal with a date that is within one year of the TCAC application deadline, prepared by a California certified general appraiser having no identity of interest with the development's partner(s) or intended partner(s) or general contractor.
 - b. Rehabilitation: an "as-is" appraisal prepared within 120 days before or after the execution of a purchase contract or the transfer of ownership by all the parties by a California certified general appraiser having no identity of interest with the development's partner(s) or intended partner(s) or general contractor.
6. A completed LAHD proforma in MS Excel format, using template provided by LAHD

Application Deadlines

Item 1 of the Required Documents, the List of Properties and Entities, must be submitted no later than 5:00 p.m., Monday, March 25, 2013.

The deadline to submit Items 2 through 6 of the Required Documents is 11:59 p.m., Monday, April 15, 2013.

Submittal Information

Requests will be accepted via email at lahd_nofa@lacity.org only.

Forms and templates provided by LAHD cannot be modified. LAHD reserves the right to waive minor technical deficiencies in the submittal. Interested project sponsors are encouraged to file their requests as early as possible. Requests submitted after the deadline will not be accepted.

Eligible Applicants

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. All applicants are subject to background checks to ensure compliance with LAHD Business Policy, in addition to LAHD Code, Rent Registration, and Occupancy Monitoring requirements. Submittal of a proposed project by an applicant in non-compliance may result in disqualification of the project.

For the purposes of conducting the background check, Applicants must submit a List of Properties and List of Partners and Entities (Item 1 on the Required Documents list) to lahd_nofa@lacity.org no later than 5:00 p.m., Monday, March 25, 2013. Any delinquencies or other LAHD Business Policy compliance issues must be resolved **prior to** the issuance of an AHTF support designation.

Eligible Projects

Applications will be accepted only for affordable housing projects intending to compete for 9% LIHTC in the Los Angeles City Geographic Apportionment in TCAC's 2013 Round 2.

Projects must comply with TCAC affordability requirements, including but not limited to the following minimum rent standards:

- All units must be affordable to households at or below 60% of the area median income (AMI) for the Los Angeles Metropolitan Statistical Area. Income targeting must occur across all proposed unit types.
- Rents for the affordable units must be set at least 10% below market rents in that neighborhood as established by a current independent appraisal.

Threshold Criteria

Applicants must provide all items on the list of Required Documents by their respective due dates. Items must be complete and accurate. If LAHD determines that the Local Reviewing Agency copy of the TCAC application differs significantly from the Call for Projects application, LAHD reserves the right to deny its support of the project.

Evaluation and Ranking

Projects will be evaluated for readiness and feasibility based on:

- Demonstrated site control
- Zoning approvals
 - The proposed project must be zoned for the intended use and shall have obtained all applicable local land use such as general plan amendments, re-zonings, and conditional use permits.
- Financial feasibility
 - Proforma including 15-year cash flow projection
 - Enforceable commitments for all financing

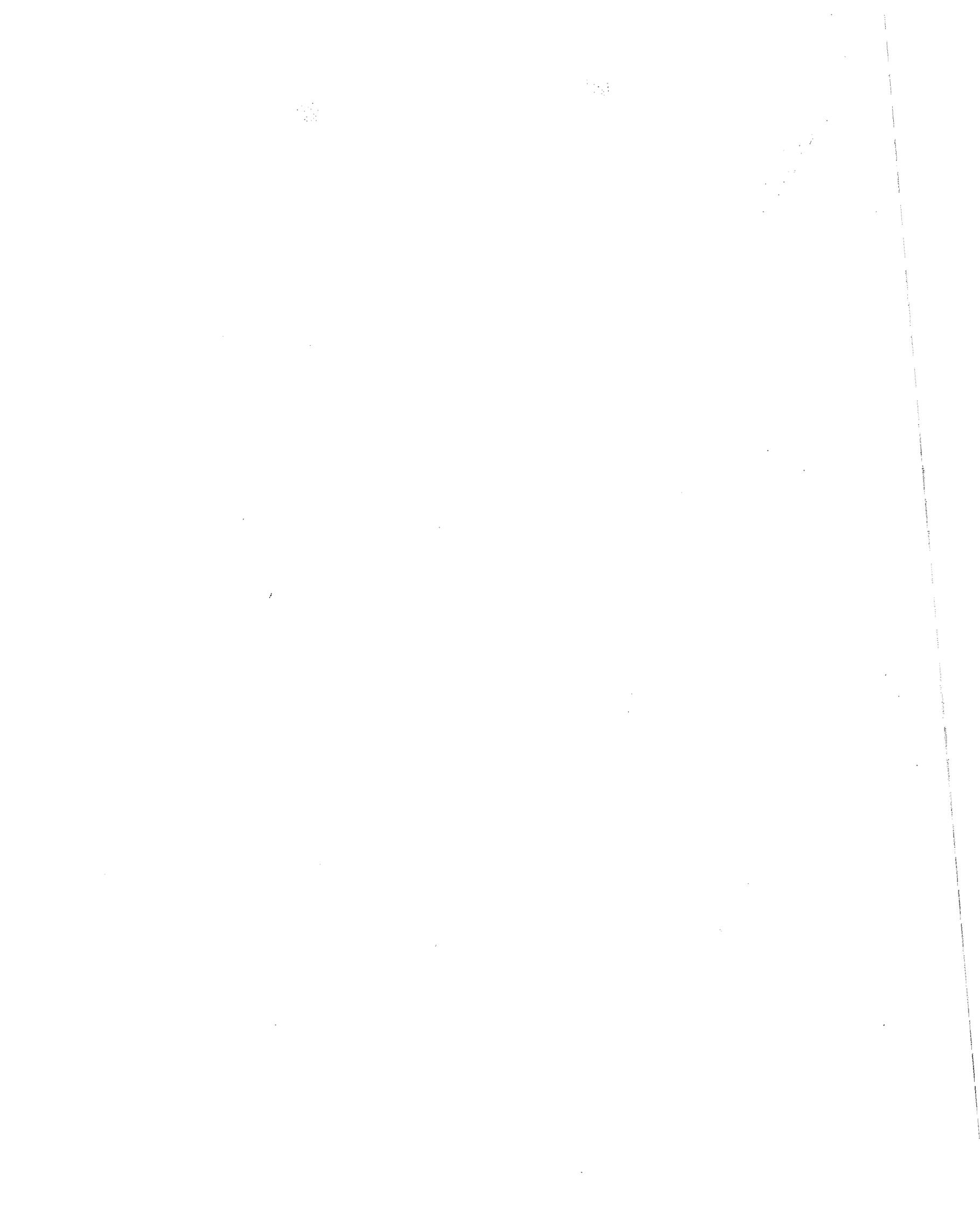
Projects will ranked according to tax credit efficiency as demonstrated by the amount of credit requested per unit.

**AFFORDABLE HOUSING TRUST FUND
CALL FOR PROJECTS
SEEKING DESIGNATIONS OF CITY SUPPORT**

TIMELINE*

DESCRIPTION	DATES
Call for Projects posted on AHTF webpage	3/15/13
Applications due by 11:59 p.m.	4/15/13
LAHD Report with Support Recommendations Released to Mayor's Office	5/29/13
Item scheduled for consideration by the HCED Committee	6/19/13
Item scheduled for consideration by the City Council	6/21/13
Mayor's concurrence	6/25/13
Conditional Letter of Support issued	6/28/13
TCAC Round 2 Deadline	7/3/13
LAHD's Local Review of TCAC projects	Mid to late July

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



ATTACHMENT 3

TCAC LOCAL REVIEWING AGENCY PROJECT EVALUATION FORM



**LOCAL REVIEWING AGENCY
PROJECT EVALUATION FORM**
2012 Low-Income Housing Tax Credit Application
(PLEASE USE EXTRA SHEETS AS NECESSARY)

Project Name:	HFL Sequoia Apartments	Project Number:	CA-2012-223
Local Agency:	Los Angeles Housing Department		
Agency Address:	14402-14406 Hamlin Street, Van Nuys, CA 91401		
Reviewer's Name:	Magdalina Zakaryan		
Telephone Number:	(213)808-8964	Fax:	(213)808-8918

Site Information

- 1). Please confirm the census tract number for the site. Tract #1281.02

- 2). Please list the numbers for the following districts in which the project is located:

State Assembly District:	<u>43</u>
State Senate District:	<u>20</u>
Federal Congressional District:	<u>26</u>

- 3). Please describe the existing use of the project site and surrounding area. ***Please attach photos. The proposed site is a vacant parcel of 14,651 sq feet. The block where the site is located is bound by Sylmar Street to the east, Gilmore Street to the south and Hamlin Street to the north and Van Nuys blvd to the West.***

- 4). Please describe the uses of properties adjacent to the site. ***The property is surrounded by residential properties, commercial and community service uses such as pharmacies, banks, metro bus stop, churches, markets and elementary school. The site is one block east of Van Nuys Boulevard which is a major corridor in the area.***

5). Please check the following amenities that are in proximity to the site. Please identify the amenity by name and distance of the amenity from the site in (please indicate if the verification was based on field visit, or mapping information). Distances from project to amenity are measured by a standardized radius from the nearest point of any property line (does not have to be point of ingress/egress), but must not include any physical barriers.

a) Bus Stop(s), Rapid Transit System Stop(s), or Rail Station:

Yes No

(Type of stop) Distance at or within 1/4 mile, 1/3 mile or 500 ft., 1,500 ft.

Hamlin/Van Nuys Bus Stop

Field Visit Mapping Method

Any physical barrier(s) present, such as freeways and rivers that would necessitate a circuitous route to amenity?

Yes No

If yes, explain:

b) Public Park(s) or Community Center, Accessible to General Public:

Yes No

(Name/Address) Distance at or within 1/4 mile, 1/2 mile, 1 mile

Van Nuys Recreation Center

14301 Vanowen Ave

Van Nuys, CA 91405

Field Visit Mapping Method

(Name/Address) Distance at or within 1/4 mile, 1/2 mile, 1 mile

Field Visit Mapping Method

Any physical barrier(s) present, such as freeways and rivers that would necessitate a circuitous route to amenity?

Yes No

If yes, explain:

c) Book-Lending Public Library(ies):

Yes No

(Name/Address) Distance at or within 1/4 mile, 1/2 mile, 1 mile

Van Nuys Branch Library

6250 Sylmar Ave

Van Nuys, CA 91401

Field Visit Mapping Method

(Name/Address) Distance at or within 1/4 mile, 1/2 mile, 1 mile

Field Visit Mapping Method

Any physical barrier(s) present, such as freeways and rivers that would necessitate a circuitous route to amenity?

Yes No

If yes, explain:

d) Public School(s) (elementary, middle, high school), Senior Center or Service Facility for SRO & Special Needs Population:

Yes No

(Type of Facility/Name/Address) Distance at or within 1/4 mile, 1/2 mile, 3/4 mile, 1 mile, 1 1/2 mile, 2 miles

Field Visit Mapping Method

(Type of Facility/Name/Address) Distance at or within 1/4 mile, 1/2 mile, 3/4 mile, 1 mile, 1 1/2 mile, 2 miles

Field Visit Mapping Method

Any physical barrier(s) present, such as freeways and rivers that would necessitate a circuitous route to amenity?

Yes No

If yes, explain:

e) Grocery Store/Supermarket (where staples, fresh meat and fresh produce are sold):

Yes No

(Name/Address) Distance at or within 1/4 mile, 1/2 mile, 1.5 miles 3 miles

Jones Market

6655 Van Nuys Blvd

Van Nuys, CA 91405

Field Visit Mapping Method

Approx. Gross Interior Square Footage: 22,500

(Name/Address) Distance at or within 1/4 mile, 1/2 mile, 1.5 miles 3 miles

Field Visit Mapping Method

Approx. Gross Interior Square Footage: _____

Any physical barrier(s) present, such as freeways and rivers that would necessitate a circuitous route to amenity.

Yes No

If yes, explain:

f) Neighborhood Market (where staples, fresh meat and fresh produce are sold):

Yes No

(Name/Address) Distance at or within 1/4 mile, 1/2 mile, 1 mile

Field Visit Mapping Method

Any physical barrier(s) present, such as freeways and rivers that would necessitate a circuitous route to amenity.

Yes No

If yes, explain:

g) Farmers' Market (certified by the California Federation of Certified Farmers' Markets):

Yes No

(Name/Address) Distance at or within 1/4 mile, 1/2 mile,

Field Visit Mapping Method

List months of operation per calendar year: _____

Any physical barrier(s) present, such as freeways and rivers that would necessitate a circuitous route to amenity.

Yes No

If yes, explain:

h) Medical Clinic or Public Hospital:

Yes No

(Name/Address) Distance at or within 1/2 mile, 1 mile, 1.5 miles

Field Visit Mapping Method

(Name/Address) Distance at or within 1/2 mile, 1 mile, 1.5 miles

Field Visit Mapping Method

Any physical barrier(s) present, such as freeways and rivers that would necessitate a circuitous route to amenity.

Yes No

If yes, explain:

i) **Pharmacy** (can be part of other site amenity, i.e. within a grocery store): Yes No

(Name/Address) Distance at or within 1/4 mile, 1/2 mile,

Kovac's Pharmacy

14423 Gilmore Street

Van Nuys CA, 91401

Field Visit Mapping Method

Any physical barrier(s) present, such as freeways and rivers that would necessitate a circuitous route to amenity. Yes No

If yes, explain:

Land Use/Planning

6). Does the site seem appropriate for the proposed project? Yes No
If no, please explain:

7). Does the exact parcel exist? Yes No

8). Are there any environmental/toxic concerns with the site? Yes No
If yes, please explain, including any environmental studies that have been conducted or clearances that will need to be obtained:

9). Are there any other environmental or land use issues associated with the site? Yes No
If yes, please explain:

10). What is the current zoning and maximum number of units allowed for the site?
The Entire parcel is zoned (Q)-C1-IVL-CDO, which allows for residential development of no greater than 1 unit per 800 sq ft of lot area. This project is eligible to apply for a density bonus that would allow for an additional 35% of density from the established base for a total of 25 units

11). Does the project currently comply with all applicable local land use and zoning ordinances? Yes No
If no, please explain:
The project is zoned for the intended use and complies with the general plan.

12).

Please complete the following table. For 9% applications and competitive 4% applications, please confirm whether **all local approvals except building permits**, have been issued by **July 25, 2012** with appeal periods, if any, expired by **August 24, 2012**.

Action	Requirement (Check if Applicable)		Date of Approval
	Yes	No	
Article 34 of State Constitution			
Site/Plot Plan Review			
Design/Architectural Review	X		3/30/2007
Parcel Map			
Conditional Use Permit			
Variance			
Change of Zone			
General Plan Amendment			
CEQA Review	X		7/09/2012
NEPA Review*			
Coastal Commission			
Phase I (Environmental Assessment)			
Soils Report	X		7/09/2012

* The "Date of Approval" for NEPA Review represents when the Request for Release of Funds (HUD Form 7015.15) or equivalent was submitted to the federal entity.

- 13). Are you aware of any state/local approvals still required from the Planning Commission, City Council, or Board of Supervisors for this project? Yes No

If yes, please list:

- 14). Have all the appeal periods been exhausted for any recent approvals? Yes No

If no, will all appeal periods expire by August 24, 2012 (The "appeal periods expiring" for NEPA Review represents when the Authority to Use Grant Funds (HUD Form 7015.16) or equivalent was issued)? Yes No

If no, please explain:

Housing Need & Neighborhood Revitalization and Balanced Communities

- 15). Is this type of affordable housing needed within the community or region in which it is located? Yes No

Please explain: There is a considerable need for the affordable housing units that are being created by this project. This project will create 25 special needs affordable housing units.

- 16). Is there a greater need for other types of housing? Yes No

Please explain, including a determination of how need is measured in your community:

There is a considerable need for every type of affordable housing. The City currently has an inventory of approximately 69,000 affordable units, housed in approximately 1,900

developments. The inventory is comprised of affordable housing units that are financed and/or assisted with federal, state and local sources or are units that received local land use concessions.

In the last two years (January 2010 – December 2011), the City has permanently lost a total of 1,507 restricted, affordable housing units through the combined prepayment of a federally-insured mortgage and termination of project-based Section 8 contracts. Units were also lost as a result of the expiration of affordability covenants and restrictions.

The LAHD estimates that in the next five years, there are approximately 579 properties with 15,839 affordable housing units of affordable housing at risk of losing their rental subsidies or affordability restrictions through terminations and/or expirations.

- 17) Do you believe this project will have a negative impact on the affordable projects in the market area? Yes No
Comments:
- 18) Is the market study for this project reasonably accurate in its assessment of the demand for this project? Yes No
Comments:
- 19) Is the market study for this project reasonably accurate in its assessment of the projects' market-rate rent advantage? Yes No
Comments:
- 20). Are the building design, outdoor space, landscaping, and amenities proposed appropriate for the community and population targeted? Yes No
Comments:
- 21). Is the project located in a Neighborhood Revitalization Area (a federally defined Qualified Census Tract, Empowerment Zone, Enterprise Community or an area that has been designated by a local agency to be the focus of revitalization or similar efforts)? Yes No
Please describe:
The proposed site is located in Los Angeles State Enterprise Zone.
- 22). If the project is located in a Neighborhood Revitalization Area, have specific efforts towards achieving the plan's goal occurred? *Please describe:* N/A
- 23). Has your jurisdiction adopted an inclusionary zoning ordinance or other initiatives to encourage affordable housing in new growth or high-income areas? Yes No
If yes, please describe:

- 24). Will the project benefit the neighborhood? Yes No
Comments:

Development Costs and Local Assistance

- 25). Are the project's estimated total development costs reasonable for this type of development in your jurisdiction? Yes No
If no, please explain:

- 26). Are the real estate taxes in the development budget consistent with local rates? Yes No
Comments:

To the best of our knowledge, the real estate taxes are consistent with the local rates

- 27). Please review Attachment 18(A), the Local Development Impact Fees, in Tab 18. Are they accurate? Yes No
Comments:

To the best of our knowledge, the development impact fees identified are accurate.

- 28). *Acquisition and/or Rehabilitation projects:*

- a) Does the relocation plan (see Tab 9) address all requirements of state and local law? Yes No
If no, please explain: N/A

- b) If households must permanently relocate, is there adequate alternative housing in the immediate area? Yes No
If no, please explain: N/A

- c) Is the budget for paying relocation costs overstated/understated? Yes No
If yes, please explain: N/A

- 29). Is your agency providing financial assistance to the project? Yes No

If so, do the amounts in the application (page 12-15) reflect the municipality/agency's contract/commitment amount? Yes No

If no, please explain: N/A

If your agency is providing assistance, what is the actual dollar amount and percent of funds to total development cost? N/A

- 30). Please check the following sources of funds that will be used to assist the project. For non-competitive tax-exempt bond financed (4%) applications, please disregard the "As of" specified date for the questions below, but still provide a response to each question:

HOME Funds

As of March 22, 2012, did the municipality have control of these funds? Yes No

If no, please explain:

Redevelopment Funds

As of March 22, 2012, did the municipality have control of these funds? Yes No

If no, please explain:

Did the municipality commit the funds to the project prior to January 1, 2011?

Yes No

If no, what date were the funds committed? N/A

Did the municipality have the funds on hand prior to January 1, 2011?

Yes No

If no, what date were the funds on hand?

CDBG

As of March 22, 2012, did the municipality have control of these funds? Yes No

If no, please explain:

Other (please identify):

As of March 22, 2012, did the municipality have control of these funds? Yes No

If no, please explain:

- 31). Did any of the above-listed funds come, directly or indirectly, from the applicant or anyone associated with the applicant? Yes No

Comments:

- 32). Are the state or federal prevailing wages listed in the development budget accurate?

Comments:

Yes No

To the best of our knowledge the stated federal prevailing wages are accurate

- 33). If the municipality is donating land for this development, when did the municipality acquire the land and for what cost?

Comments: N/A

Did money for the land, or any financial or other consideration, come to the municipality from the applicant or anyone associated with the applicant? Yes No

Comments:

- 34). As of March 22, 2012, were there any outstanding approvals required from the Redevelopment Agency, City Council, or Board of Supervisors for the financial assistance?

If yes, please explain:

Yes No

N/A

Developer Experience

- 35). Are you aware of other projects this developer (See application, Applicant Information, page 7) has built in your community? Yes No

Comments:

Was the developer's performance satisfactory?

Yes No

Comments:

- 36). Has the applicant been involved in projects in your community?

Yes No

Comments:

Was the sponsor's performance satisfactory?

Yes No

Comments:

- 37). Are you aware of any project the management company (see application, Applicant Information, page 7) is currently managing in your community?

Yes No

Comments:

Has the management company's performance been satisfactory?

Yes No

Comments:

Other Comments:

- 38). Are you aware of any discrepancies between the proposed application and the tax credit regulations?

Comments:

To the best of our knowledge, we are not aware of any evident discrepancies between the proposed application and the tax credit regulations.

- 39). Additional Comments: (If your agency is reviewing more than one application in the locality, please compare the merits of each application)

Comments:

All of the proposed properties help eliminate some form of blight and positively improve the surrounding neighborhood. The total development cost per unit is consistent with other special need projects currently being reviewed by LAHD

40). What is the LRA's Recommendation of this project?

Strongly support Support No position Oppose Strongly oppose

Please explain:

Signature: _____

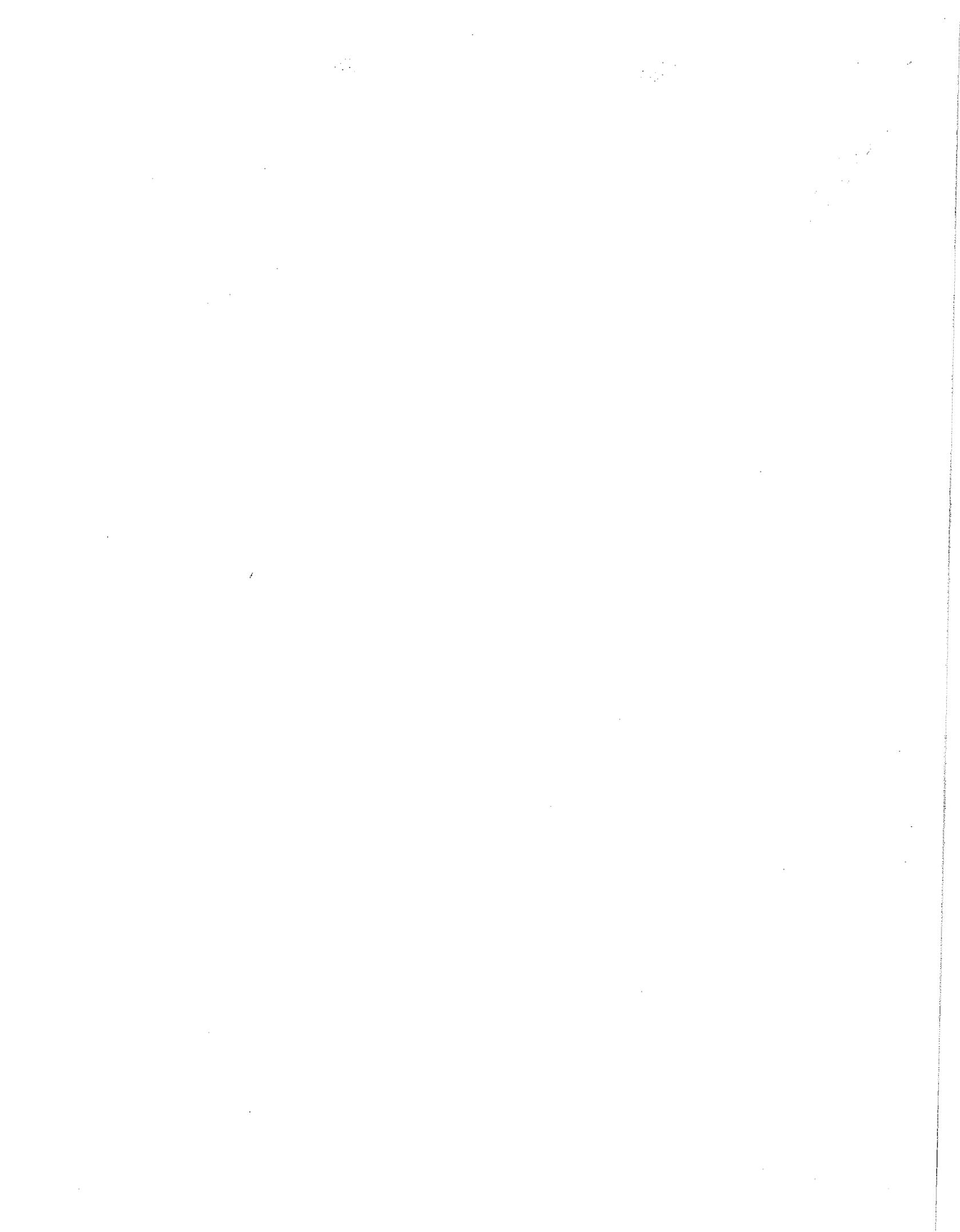
Print Name: Magdalina Zakaryan

Date: _____



ATTACHMENT 4

JONES SETTLEMENT AGREEMENT FACT SHEET



Jones Settlement Agreement: Fact Sheet

As of February 19, 2013

What is the Jones Settlement Agreement?

On October 15, 2007 the City of Los Angeles settled the case of Jones v. City of Los Angeles, which was filed by the American Civil Liberties Union (ACLU) in response to the City's enforcement of an ordinance (Los Angeles Municipal Code, section 41.18(d)) which prohibits sitting, sleeping or lying on a public street or sidewalk; under this agreement the Los Angeles Police Department (LAPD) is not enforcing a portion of the no sitting, sleeping or lying ordinance between the hours of 9:00 p.m. and 6:00 a.m. However, exceptions to this rule apply. For example, the law is enforceable at all times at locations within ten (10) feet of any operational and utilizable entrance, exit, driveway or loading dock.

The Jones Settlement is in effect until an additional 1,250 units of permanent supportive housing, **specifically for chronically homeless**¹, are constructed within the City of Los Angeles, of which, at least 50 percent (625 units) are to be located in Skid Row and/or greater downtown Los Angeles. These units must house current or formerly chronically homeless persons and should not include housing units already existing as low income housing units and/or occupied as low income housing within the previous six months of entering into the Jones Settlement Agreement ("Jones Settlement").

The Jones Count Approach

The Jones Settlement did not designate any particular City agency to monitor and track the count of chronically homeless units. In spring 2012, the Mayor's Office requested that the Los Angeles Housing Department (LAHD) assist in tracking and collecting data on the construction of 1,250 chronically homeless (CH) units citywide, including the 625 units in Skid Row and/or greater downtown Los Angeles. In order to perform this task, the LAHD has compiled data on permanent supportive housing units, including CH units that are in different phase of development (i.e., acquisition/pre-development, in construction and completed). The LAHD utilized the following sources to determine the construction status of CH units:

- The number of units developed as a result of financing received from the City's Permanent Supportive Housing Program (PSHP);
- The count of special needs projects that include CH units, from the City's Affordable Housing Trust Fund (AHTF) prior to the creation of PSHP in 2007;
- The number of units that include project-based Section- 8 Vouchers from the Housing Authority of the City of Los Angeles (HACLA);
- Permanent supportive housing units that received Mental Health Service Act (MHSA) funding through the L.A. County Department of Mental Health (DMH);
- The number of constructed permanent supportive housing units that received funding for housing services and operating subsidies from the Los Angeles Homeless Services Authority (LAHSA);
- The count of units from the Citywide Housing Production System (CHPS), which tracks completed projects funded by all City Departments since the onset of the Mayor's 5-Year Housing Plan; and
- The LAHD reviewed various housing lists produced by permanent supportive housing providers and funders (i.e., Corporation for Supportive Housing, Shelter Partnership, the United Way of

¹ Chronically Homeless: A person who has been continuously homeless for one year or more OR had at least four episodes of homelessness in the past three years.

Greater Los Angeles, and various non-profit affordable housing providers) to evaluate the inclusion of other CH units within the Jones count.

The Jones Settlement requires the City's CH unit count to ONLY include units that **DID NOT** previously exist as low-income housing units and/or occupied as low-income housing within the prior six months of entering into the Jones Settlement (April 15, 2007 - October 14, 2007).

The Jones Settlement Count Exclusions

The City's count of CH units **DOES NOT** include units which were completed prior to October 15, 2007. In addition, the count does not include units with Section-8 Tenant-Based Vouchers (TBVs), since they are assigned to the tenant to use anywhere and not assigned to the project.

Summary of CH Unit Count

The following reflects a breakdown of the City's progress in meeting the goals set forth by the Jones Settlement:

Reaching 1,250 CH Unit Total Goal—Citywide

Constructed CH Unit Target	1,250
CH Units Completed Citywide	725
Total CH Units in Acquisition/Pre-development and in Construction phase	389
Total CH Units in Acquisition/Pre-Development, in Construction and Completed	1,114
Total CH Units Still Needed to Meet Goal (Not in Pipeline)	136

Reaching 625 CH Unit Total Goal—Downtown/Skid Row Area (subset of 1,250 citywide goal)

Constructed CH Unit Target	625
CH Units Completed in Downtown/Skid Row Area	498
Total CH Units in Acquisition/Pre-development and in construction phase	158
Total CH Units in Acquisition/Pre-Development, in Construction and Completed	656
Total CH Units Still Needed to Meet Goal (Not in Pipeline)	0

NOTE: If the City surpasses the 625 CH unit goal in the downtown/Skid Row area, the units count towards the overall 1,250 unit goal citywide since the 625 units are part of the overall 1,250 goal.

Future Outlook for Meeting the Jones Settlement

The City is not expected to reach the Jones Settlement goals before 2015. Meeting the goal will require construction and completion of the units in the predevelopment pipeline; and developing and funding another 136 units which are not in the pipeline and have not been identified yet. The creation of additional CH units within Los Angeles relies upon various factors: including the construction timeline of units that are currently in the pipeline and other units to be financed at a later date, based on the availability of State, Federal (including project- based Section -8 Vouchers) and private funding sources that can be leveraged to create housing.