



COMMUNITY DEVELOPMENT COMMISSION/HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES NOFA ROUND 24-A TERM SHEET

On September 11, 2018, the Community Development Commission of the County of Los Angeles (CDC) and the Housing Authority of the County of Los Angeles (HACoLA) will release Notice of Funding Availability (NOFA) Round 24-A, which will provide capital funding, Section 8 Project-Based Vouchers (PBVs), and Project-Based Veterans Affairs Supportive Housing (PBVASH) Vouchers for the creation and operation of permanent multifamily rental housing units.

Applications will be due on October 23, 2018. The CDC will issue funding commitments to successful applicants in time to meet the California Tax Credit Allocation Committee's (CTCAC) 2019 first round competitive tax credit application deadline, as needed.

Available CDC Capital Funds

- Up to a total of \$106,700,000, comprised of the following:
 - Up to \$53,200,000 in Affordable Housing Trust Funds (AHTF). Units must be reserved for qualifying Special Needs populations, or general low-income populations, as allowed. This funding source includes \$13,800,000 in Measure H Funds targeting homeless populations. The Commission will allocate Measure H funds according to unit eligibility.
 - Up to \$34,500,000 in Mental Health Housing Program Funds (MHHP). Units must be reserved for clients that are Homeless or at Risk of Homelessness and who have a mental illness in accordance with California Welfare & Institutions Code Section 5600.3(a) and/or California Welfare & Institutions Code Section 5600.3(b).
 - Up to \$13,800,000 in MHHP Funds Targeting Homeless Veterans. Units must be reserved for veterans that are Homeless or at Risk of Homelessness and who have a mental illness in accordance with California Welfare & Institutions Code Section 5600.3(a) and/or California Welfare & Institutions Code Section 5600.3(b).
 - Up to \$3,200,000 in HOME Funds. Units must be reserved for qualifying Special Needs populations.
 - Up to \$2,000,000 in AHTF for affordable housing preservation projects formerly funded by the CDC/HACoLA.

Available HACoLA Rental Assistance

- Up to a total of 600 PBVs and PBVASH Vouchers are available to projects within HACoLA's jurisdiction. Projects must apply for and be awarded CDC capital funds to qualify for rental assistance, with one exception, noted below.

The following types of rental assistance are only available to projects that also receive a capital award:

- A combined total of up to 300 PBVs and PBVASH Vouchers, allocated to meet demand. These vouchers are only available for Special Needs units funded by the

- CDC.
- Up to 100 PBVs may be requested for non-Special Needs units funded by the CDC. These units must be reserved for households earning no more than 30% of the Area Median Income (AMI) and must be filled by referrals through HACoLA.
- Up to 75 PBVs available for eligible affordable housing preservation projects.
- Up to 50 PBVs available for affordable units in eligible market-rate projects.

The following rental assistance is available for projects without a capital award:

- Up to 75 PBVASH Vouchers.

Eligible Projects

Special Needs and Mixed-Population projects using tax credit financing must provide at least 25 units of permanent multifamily housing and set aside at least 20% of the total units, but no fewer than 15 units, for qualifying Special Needs populations. Projects that do not propose the use of tax credit financing and Special Needs units set aside in a qualifying Market-Rate project must include at least 15 units. Project definitions include the following:

- Special Needs Project: at least 49% of the total units set aside for Special Needs households. Special Needs projects will receive bonus points in scoring.
- Mixed-Population Project: at least 20% of the total units set aside for Special Needs households, but no fewer than 15 Special Needs units.
- Market-Rate Project: at least 15 units set aside for a Special Needs population in an otherwise market-rate project, if the project is located in High and Highest Resource Areas, as defined by the TCAC/HCD Opportunity Area Map for the City and County of Los Angeles. For projects in HACoLA's jurisdiction, the units must be filled with referrals from HACoLA.

Target Populations and Affordability

Special Needs households:

- Mentally Ill
- HIV / AIDS
- Developmentally Disabled
- Transition Age Youth
- Frequent Users of County of Los Angeles Health and/or Mental Health Services
- Homeless Households
- Homeless Seniors
- Chronically Homeless
- Homeless Veterans

Special Needs units must be restricted to households earning at or below 30% AMI. Income targeting may be as high as 35% AMI with reasonable justification provided by the applicant and approved by the CDC.

Low-Income households:

- Households earning up to 50% AMI. General low-income units reserved for households earning at or below 30% AMI are eligible for PBVs in HACoLA's jurisdiction.

Project Requirements

- Projects that propose to use AHTF for low-income households must provide three (3) Special Needs units for every one (1) non-special needs unit funded.
- Projects must be new construction, acquisition and operation, or acquisition with rehabilitation. A rehabilitation project must:
 - Submit at the time of NOFA application a Capital Needs Assessment that meets the requirements of current TCAC regulations.
 - Complete, at a minimum, \$40,000 in hard construction costs per unit.
 - Provide new affordable units to housing stock. Projects with existing affordability covenants are not eligible, unless the covenants are expiring within five (5) years of the NOFA application due date.
 - Not displace low-income households, unless the project provides for a two- (2) for-one (1) unit replacement.
- For projects developed on land owned by or formerly-owned by the CDC or County of Los Angeles, at least 49% of the total units must be reserved for an eligible Special Needs population.
- Projects must be located in their entirety within Los Angeles County.
- Projects seeking capital funds must not have commenced construction. Projects seeking PBVASH Vouchers only may be in predevelopment, or be completed (but not in construction).
- Projects must adhere to the County's local hire provisions.
- If any portion of a proposed development site is within 500 feet of a freeway, the project must be designed in such a way as to exclude from this 500-foot freeway "buffer" area any portion of the residential building, as well as play areas, community rooms, gardens, patios, and other areas where residents may reasonably be expected to congregate. An example of a suitable use within the 500-foot freeway buffer is a parking lot. The CDC shall review and approve, at its sole discretion, any site plans for developments of this type.

Funding and Geographic Restrictions

The CDC may provide separate funds for eligible projects based on the target populations and/or geographic area. The CDC reserves the right to shift funding at its discretion, including incorporating federal HOME funds into eligible projects.

Projects may apply for AHTF and MHHP funds through the NOFA, however, both funding sources cannot be used to subsidize the same unit.

MHHP funds may not subsidize projects that have a commitment of funds through the Los Angeles County Department of Mental Health (DMH). Applicants with a DMH funding allocation

must relinquish those funds upon notification of an award of MHHP funds. Projects that apply for MHHP funds cannot show DMH funds in the proforma. Any project seeking MHHP funds that also reflects a prior commitment of DMH funds in its proforma will be determined to be financially infeasible and will fail threshold review.

Projects that received a prior NOFA award (capital funds, PBVs, and PBVASH Vouchers) may reapply under the current NOFA without relinquishing or endangering the prior award.

Maximum Funding Per Project:

- Projects outside of the City of Los Angeles: \$7 million, unless combining AHTF, and/or HOME funds (where eligible), with MHHP funds, then \$14 million.
- Projects in the City of Los Angeles: \$2 million, unless combining AHTF funds with MHHP funds, then \$5 million.

CDC CAPITAL FUNDS				
Fund Type	Target Population	Eligible Geography	Maximum Subsidy Per Unit	Maximum Subsidy Per Project*
Affordable Housing Trust Funds	Special Needs	LA County	\$140,000 per unit	\$7,000,000 in areas outside of the City of Los Angeles or on County-owned land. \$2,000,000 in the City of Los Angeles.
	Low-Income		\$100,000 per unit (note 3:1 ratio Special Needs: Non-Special Needs)	
Affordable Housing Trust Funds	Preservation	LA County	\$75,000/unit	\$1,000,000
MHHP Funds	Homeless Mentally Ill, Homeless Mentally Ill Veterans	LA County	\$250,000 per unit for 4% \$160,000 per unit for 9%	\$7,000,000 in areas outside of the City of Los Angeles or on County-owned land. \$3,000,000 in the City of Los Angeles.
HOME Funds	Special Needs	Unincorporated Los Angeles County or HOME Participating City	As specified under the HOME Program	\$3,200,000 (all funds may be awarded to the highest scoring eligible project).

*Project cap may be higher if a project combines multiple sources, but cannot exceed \$5M in the City of Los Angeles (with inclusion of MHHP funds) or \$14M in the balance of Los Angeles County (with inclusion of MHHP funds).

HACoLA RENTAL ASSISTANCE				
Type of Funds	Target Population	Eligible Geography	Maximum Subsidy Per Unit	Minimum Subsidy Per Project
PBVs	Special Needs	Unincorporated LA County or Participating Jurisdiction	As specified by HACoLA Section 8 payment standards	Minimum 15 vouchers per project
PBVASH Vouchers	Homeless veterans & their families			
Preservation PBVs	Special Needs & Seniors			No minimum

Eligible Applicants

Eligible applicants include nonprofit and for-profit organizations, limited liability companies, limited partnerships, public agencies, local jurisdictions, and joint ventures among any of these entities.

Application Process

Applicants may submit a maximum of one application for a project in the City of Los Angeles in which they are the Lead Developer. Projects that are located in High and Highest Resource Areas, as defined by TCAC, are exempt from the one City of Los Angeles project per applicant restriction. There is no restriction on the number of projects per Developer outside of the City of Los Angeles. Applicants with projects in the City of Los Angeles may choose to submit additional applications, but these will only be considered if all other eligible projects have been funded and NOFA funds remain.

Key Threshold Requirements

Applications will be reviewed in two stages: 1) threshold review and 2) technical review. The following are key minimum threshold requirements that applicants and projects must meet to be considered for technical scoring:

- Lead Developer: Must have completed a minimum of three (3) affordable rental housing projects.
- Lead Services Provider: Must have a minimum of 12 months of experience in providing services to the project’s Special Needs population in at least one (1) housing-setting project. If the Lead Services Provider does not have experience serving the proposed Special Needs population, the Lead Services Provider must justify how its prior experience serving other Special Needs populations in a housing setting is transferrable to the proposed population.
- Property Manager: Must have experience in managing at least two (2) projects with similar tenant populations and of similar scale as the proposed project. The Property Manager may be the applicant’s own personnel, or a third-party contractor.
- Supportive Services: The Supportive Services Plan must address adequate service provision to all project populations.
- Design: The architect must have completed at least two (2) affordable multifamily rental

housing projects, or have completed one (1) CDC-funded affordable multifamily rental housing project of the type currently being proposed (new construction or rehabilitation). All projects must meet the CDC's Design Requirements.

- Compliance: Applicants must be in compliance with all regulatory agreements with the CDC and requirements of other governmental entities or permitting agencies. The CDC retains sole discretion to approve or reject applicants based on past performance.

All applicable checklist items must be submitted in the NOFA application in order for a project to be considered for award of funds by the CDC.

Key Technical Scoring Categories

The following are the general categories that will be used to score applications.

- Committed Public Financing: Ratio of committed capital funds from public agencies to total development costs.
- Committed Operating Subsidy: Ratio of Special Needs units with committed operating subsidy to total Special Needs units.
- Applicant Team Experience:
 - In addition to meeting the minimum threshold experience, the Lead Developer will be scored based on additional number of Special Needs and affordable rental housing projects completed.
 - In addition to meeting the minimum threshold experience, the Lead Services provider will be scored based on additional years of experience serving the proposed Special Needs population in a housing setting.
 - In addition to meeting the minimum threshold experience, the property management company will be scored based on experience managing Special Needs and affordable rental housing projects.
 - In addition to meeting the minimum threshold experience, the Architect of Record will be scored based on experience with affordable rental housing projects of the type proposed (new construction or rehabilitation).
- Supportive Services:
 - Supportive services will be evaluated on a Pass/Fail basis.
 - A Pass rating will be awarded to Supportive Services Plans that appropriately complete address the service criteria for the population(s) the project will serve, which will be defined in the NOFA. The Plan must include a detailed description of each service and identify the provider. For Mixed Population projects, there must be clear distinction between the staffing resources and services allocated to each population.
 - Those projects that receive a Pass rating may also be issued a Final Conditions List detailing sections of the Supportive Services Plan that must be revised prior to release of any loan funds. It is anticipated that most projects receiving a Pass rating will also be issued a Final Conditions List.
- Design: Projects will be evaluated on a Pass/Fail basis. Projects will be assigned a rating of Pass if they generally adhere to the CDC's Design Requirements.

- Geography: Points will be awarded, in descending amounts, for projects located in: 1) Unincorporated Areas of Los Angeles County and then 2) Areas outside of the City of Los Angeles.
- Affordable Housing and Sustainable Communities (AHSC) Projects: Projects that have been approved for participation in the County of Los Angeles AHSC readiness program and are receiving technical assistance through this program will be prioritized.
- Special Needs Project: Extra points will be awarded to projects in which at least 49% of total units are set aside for Special Needs Households.
- In addition to the NOFA application score, the Commission will determine project funding by taking into account, in descending order, the following factors: whether a project is supported by the County's Affordable Housing and Sustainable Communities workgroup, using County-owned land, or is part of a County supported effort; the geographic distribution of applications (by Service Planning Area or Supervisorial District); the total number of units being produced; the population served and percentage of units for each population type; the TCAC tiebreaker score (9% projects only), and the number of Commission projects in application, predevelopment, or construction by the applicant.

Key Underwriting Requirements

- Cash Flow: Must demonstrate positive cash flow for 15 years.
- Affordability: All units funded by the CDC must target households earning at or below 30% AMI for Special Needs units or 50% AMI for low-income units, except as noted above in Target Population and Affordability.
- Supportive Services: Project case managers and supportive service coordinators may be paid through cash flow, however, the CDC anticipates that project supportive services for Special Needs units will be funded through Measure H.
- Furnishings for Homeless Units: Applicants must include costs to furnish all Homeless units in the proposed development budget.

Significant Changes

- Removed the requirement that projects must be eligible for and include 4% or 9% Low-Income Housing Tax Credit financing.
- PBVs allocated to any general low-income unit, or units in qualified market rate projects must be filled with referrals from HACoLA.
- Funding and PBVs for preservation projects have been set aside as a separate funding category.
- Instituted additional considerations for project evaluation and award, in addition to overall NOFA score.
- Qualified projects may request PBVASH Vouchers from HACoLA without seeking an allocation of capital funds from the CDC.

- Developers with City of Los Angeles projects that are located in High and Highest Resource Areas, as defined by the TCAC/HCD Opportunity Area Map for the City and County of Los Angeles, may submit an additional application for a project in the City of Los Angeles. Developers with projects in the City of Los Angeles may submit additional applications, however, these additional applications will only be considered if all other eligible projects have been funded and NOFA funds remain.
- Added the ability to fund at least 15 Special Needs units in an otherwise market-rate project, if the project is located in High and Highest Resource Areas, as defined by the TCAC/HCD Opportunity Area Map for the City and County of Los Angeles.
- A project using CDC or County-owned land, regardless of jurisdiction, will be treated as an unincorporated County project for scoring and funding cap purposes.
- Projects that cannot be fully funded will be skipped for the next project that can be fully funded.
- Bonus points have been removed.

Funding under this NOFA will be awarded on a competitive basis. The CDC reserves the right in its sole discretion to modify any terms in this Term Sheet. This Term Sheet is issued to highlight general program goals and requirements. Full requirements and regulations will be included in the published NOFA.