LACAHSA
THE AFFORDABLE
SOLUTIONS AGENCY

FY 2025-26
Expenditure Plan & Agency Strategy

June 2025

HR&A

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00 Executive Summary

Executive Summary

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In 2024 Los Angeles County voters approved the Affordable Housing, Homelessness Solutions, and Prevention Now Transactions and Use Tax Ordinance ("Measure A"), a half-cent sales tax to fund homeless services and affordable housing development throughout the County. The tax replaces Measure H, a quarter-cent sales tax for homeless services approved by voters in 2017. Measure A is expected to generate over $1 billion in revenue annually, 35.75% of which will be directed to the recently-created Los Angeles County Affordable Housing Solutions Agency ("LACAHSA" or "the Agency") for affordable housing production, preservation, and renter protection services.[1] The remainder of Measure A funds will be directed towards the region's comprehensive homelessness services initiatives.[2]

The adoption of Senate Bill 679 enabled the creation of the Los Angeles County Regional Housing Finance Act ("the LACAHSA Act," codified in Government Code section 64700 et seq.).[3] The LACAHSA Act requires that the LACAHSA Board adopt an annual expenditure plan by July 1 of each year to support long-term planning. The annual expenditure plan must set forth the share of revenue and estimated funding amount to be spent on each of the following programmatic categories:

1. Production, Preservation, & Ownership (PPO)
2. Renter Protection and Homelessness Prevention (RPHP), and
3. Technical Assistance (TA).

The FY 2025-26 Expenditure Plan and Agency Strategy fulfills these requirements, looking forward with a five-year planning horizon to set the foundation for additional planning as the Agency scales. The Plan is guided by five-year metrics, outlined below. Following the adoption of this Expenditure Plan and Agency Strategy, LACAHSA will craft its own detailed operating budget that will govern the spending of its administrative funds. In addition, both LACAHSA and each Eligible Jurisdiction will design their own programs to deploy Measure A funding. All programs will be consistent with the eligible uses contained within the LACAHSA Act, as well as requirements of Measure A. The LACAHSA Act strictly prohibits LACAHSA and Eligible Jurisdictions from funding any homelessness services. In addition, LACAHSA funds may not be conditioned on immigration status.

1 LACAHSA will receive 35.75% of Measure A funding, after allowing for a 0.5% for collection and distribution cost reimbursement to the County Auditor-Controller.

2 The Allocations presented in this report only correspond to LACAHSA's 35.75% share and are not inclusive of other Measure A funding streams such as comprehensive homelessness services funding; accountability, data, and research funding for the Los Angeles County Homeless Initiative; and local housing production funding for the Los Angeles County Development Authority. LACAHSA is prohibited from funding homelessness services.

3 SB 679 is codified at Title 6.9 of the California Government Code (Sections 64700 through 64832). It has been amended since its initial adoption. References in this Plan are to the statutes as amended.

Section 1. Funding Allocations

Section 1. of this Expenditure Plan, Funding Allocations, presents the distribution of LACAHSA funds for each programmatic use and each Eligible Jurisdiction.

Allocation by Programmatic Use

As demonstrated in Figure 1 below, together the LACAHSA Act and Measure A require the following distribution of funding by programmatic use:

- 60% for Production, Preservation, & Ownership (including a 77.25% set aside for new construction);
- 30% for Renter Protection and Homelessness Prevention;
- 5% for Technical Assistance, and
- 5% for LACAHSA administration.

Allocations by Eligible Jurisdiction

The LACAHSA Act and Measure A also dictate how LACAHSA funds are distributed between LACAHSA and other Eligible Jurisdictions, which include the County of Los Angeles, certain individual cities, Councils of Governments, and regional housing trusts.[4]

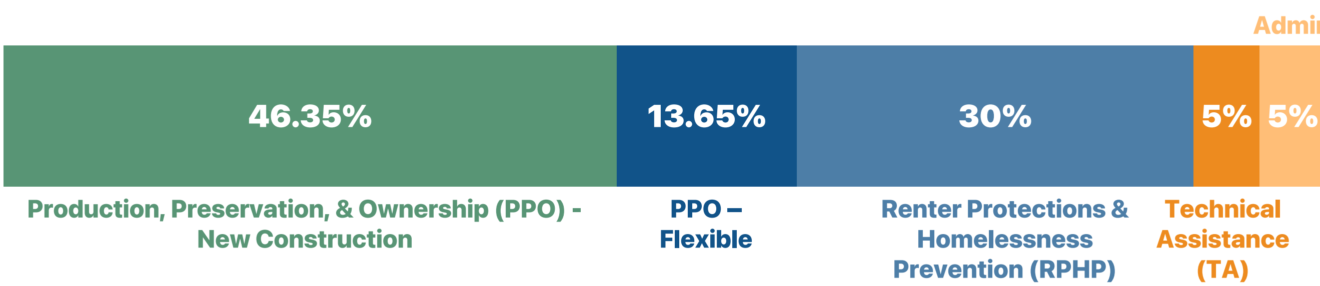
- Administrative funds are fully allocated to LACAHSA, and
- 15% of programmatic funds are allocated at the discretion of the LACAHSA Board.[5]

Of the remaining programmatic funds:

- 30% of programmatic funds are allocated to LACAHSA, and
- 70% of programmatic funds are allocated to the Eligible Jurisdictions.[6]

Table 1 below provides the total allocation estimates for FY 2025-26 to LACAHSA and each Eligible Jurisdiction. A more detailed list of distribution of funds by agency and use is provided in Section 1 Funding Allocations.

Figure 1. LACAHSA Funding Allocation by Use



4 Passthrough Agencies are outlined in Section 1, based on definitions and formulas in SB 679 Section 64830.5.

5 At the June 25, 2025, Board Meeting, the Board elected to allocate the 15% discretionary funding by following the same 70%/30% split between Eligible Jurisdictions and The Agency.

6 Allocations by jurisdiction are defined in SB 679 clause 64830.5(a)(2)

Table 1. FY 2025-26 Total Funding Allocation by Jurisdiction

	Agency	Total by Agency
1	LACAHSA	$128,229,226
2	Burbank-Glendale-Pasadena Regional Housing Trust	$6,452,118
3	City of Glendale	$5,103,191
4	City of Long Beach	$10,706,466
5	City of Los Angeles	$133,421,084
6	City of Santa Clarita	$3,457,981
7	Gateway Cities Council of Governments/Gateway Cities Affordable Housing Trust	$18,538,195
9	Las Virgenes/Malibu Council of Governments	$459,405
9	North Los Angeles County Transportation Coalition JPA*	$5,395,241
10	San Fernando Valley Council of Governments	$518,005
11	San Gabriel Valley Council of Governments/San Gabriel Valley Regional Housing Trust	$25,691,324
12	South Bay Cities Council of Governments/South Bay Regional Housing Trust	$13,002,770
13	Unincorporated Los Angeles County	$24,782,720
14	Westside Cities Council of Governments	$7,016,083
	TOTAL	**$382,773,809**

**The LACAHSA Act limits direct allocations to only certain cities; other cities may only receive funding through a COG or Regional Housing Trust. Because Lancaster and Palmdale are the only cities that are not part of a COG, their portion will be allocated and held until an Eligible Jurisdiction option is available to the JPA pending LACAHSA Board approval and adjustments to the JPA's purpose.*

Image credit: Jeff Turner via Unsplash

The Expenditure Plan is also required to set metrics regarding the target income levels, number of affordable housing units built or preserved, and the number of tenants served within each category of expenditure.

Measure A Section 4A outlines five overarching goals to prevent and reduce homelessness and provide solutions for affordable housing, listed in Table 2 below. According to Measure A Section 4C, the LACAHSA Board is responsible for setting target metrics for Goals 4 and 5. To estimate the number of households impacted by LACAHSA's work, the LACAHSA Board adopted the following target metrics in April 2025.[7]

Table 2. Measure A Goals and Five-Year Target Metrics

GOAL 1	**Increase the number of people moving from encampments into permanent housing to reduce unsheltered homelessness.**
GOAL 2	**Reduce the number of people with mental illness and/or substance use disorders who experience homelessness.**
GOAL 3	**Increase the number of people permanently leaving homelessness.**
GOAL 4	**Prevent people from falling into homelessness.** **4A.** Decrease by 20% in five years the number of people who become newly homeless, from a baseline of 63,202 in FY 23-24 to a target of 50,561 in 2030. **4B.** Increase the successful impact of flexible eviction and homeless prevention services from a baseline of 1,796 in FY 23-24 to a target of 22,116 to 23,829 in the next five years, or an average of 4,423-4,766 per year. **4C.** Increase access to legal support services for tenant households from a baseline of 8,377 in FY 23-24 to a target of 85,103 to 91,693 in the next five years, or an average of 17,021 to 18,339 per year.
GOAL 5	**Increase the number of affordable housing units in Los Angeles County.** **5A.** Produce a minimum of 1,800 affordable housing units per year, for a total of 9,000 units over the next five years. **5B.** Preserve a minimum of 420 affordable housing units per year, for a total of 2,100 units over the next five years.

7 https://lacahsa.gov/wp-content/uploads/2025/04/03-12-2025-LACAHSA-Meeting-Minutes-Final-.pdf

Measure A Section 4B also establishes five system performance metrics listed in Table 3, below, that LACAHSA will continue to track in partnership with the Executive Committee for Regional Homeless Alignment (ECHRA).

Table 3. Measure A System Performance Metrics

KPI 1	**Creating a standardization of basic services to bring people inside and ensure that people have access to social services, medical care, and behavioral/mental health care.**
KPI 2	**Establishing a homeless-service-delivery system more accessible to all communities.**
KPI 3	**Meeting regional housing needs for Lower Income Households.**
KPI 4	**Using an equity lens, reducing racial disparities and the disproportionate impact of homelessness and housing insecurity for critical populations.**
KPI 5	**Increasing accountability and transparency as to the use of public funds.**

Section 2. Eligible Uses

According to the LACAHSA Act, the Expenditure Plan must include a description of projects or programs proposed to receive funding, including the location, amount of funding, and anticipated outcomes—to the extent feasible. Section 2. Eligible Uses aims to fulfill this requirement, outlining the funding tools LACAHSA and the Eligible Jurisdictions can use to meet the goals and metrics adopted by the Board.

LACAHSA has a unique opportunity to leverage public and private funding, act nimbly, innovate government processes, and scale impact regionally. Doing so will require powerful financial tools and highly skilled staff. LACAHSA and the Eligible Jurisdictions will need flexibility to deploy funds to respond to fluctuating needs and market conditions, adapting as communities grow and change. A one-size-fits-all approach will not work. Instead, LACAHSA will take an "all tools in the toolbox" approach, allowing each Eligible Jurisdiction to develop a suite of programs to meet its unique needs—as well as potentially allowing for open calls for projects that may use versions of these tools, or other tools not contemplated here that would align with the goals and objectives of LACAHSA's work.

If an Eligible Jurisdiction wants to allocate LACAHSA funds to a use that has not been preapproved in the Expenditure Plan and Program Guidelines, the Eligible Jurisdiction may submit its proposed use to LACAHSA in a funding request. The funding request should include a summary of the proposed activity and how it aligns with Measure A and the Act. The request will be submitted to the LACAHSA Board or a committee established by the Board for consideration and approval. The Board or its designee will determine whether the proposed use is eligible and whether it will require an amendment to the Expenditure Plan.

The eligible uses described in Section 2 and summarized below in Table 4 constitute the toolbox. Each use description includes target project types, illustrative terms, and examples. Jurisdictions—and their corresponding governing bodies—will be responsible for selecting the tools most appropriate to meet their goals, in collaboration with LACAHSA. Table 4, below, outlines eligible uses.

Table 4. Overview of Eligible Uses

Production, Preservation, & Ownership (PPO) Uses	
PPO uses include both New Construction and Flexible uses.	
Direct Project Investment	Direct project investments work to address the existing backlog of entitled affordable housing deals in need of gap financing. This may include projects that require local sources to secure LIHTC allocations and/or additional state funding. Uses within this section are currently commonly used for the development and preservation of affordable and mixed-income projects.
Rent & Operating Subsidies	Rent and operating subsidies provide ongoing payments to pay for expenses such as utilities, maintenance, taxes, management, as well as debt service payments. Rent and operating subsidies are available for new construction, rehabilitation, and preservation projects. Rent and operating subsidies may come in multiple forms, including, but not limited to, project-based rental assistance, master leasing, shallow rent subsidy, operating subsidies, and a capitalized operating subsidy reserve.
LACAHSA Mortgage	The LACAHSA Mortgage provides a one-stop-shop for developers to fund 65%-90% of development costs with low-interest, tax-exempt debt. The LACAHSA Mortgage is intended to reduce costs and development finance timelines, develop an avenue to finance affordable housing without LIHTC, and deploy Measure A revenue quickly.
Impact Fund	Impact funds offer below-market financial terms and greater flexibility than typical financing by raising impact-driven investments that serve as first-loss capital. A public entity seeds a new impact fund by attracting mission-driven capital sources including philanthropy (such as through program-related investments (PRI) or Mission Related Investments (MRI), impact investors, and Community Reinvestment Act (CRA)-motivated financial institutions. The fund may be held within LACAHSA or by a qualified CDFI or other financial institution. The focus of the impact fund will be on preserving existing subsidized affordable housing, as well as acquiring and preserving Naturally Occurring Affordable Housing (NOAH). Eligible Jurisdictions can elect to participate in the impact fund through investment of first-loss capital or provision of residual receipts loans to awarded projects.
Ownership Products	Ownership products include a variety of financing structures to improve the affordability of existing ownership opportunities or to increase the production or preservation of affordable homeownership opportunities.

Renter Protection & Homelessness Prevention (RPHP) Uses

RPHP uses are designed to provide services to lower income individuals and households that are currently housed, to protect renters from housing instability, displacement, and homelessness.	
Marketing, Assessment, Eligibility, and Referral	Marketing, Assessment, Eligibility and Referral identifies households at risk of losing their housing, assesses their needs, determines their eligibility for assistance, and connects them directly with RPHP resources. and support to avoid homelessness.
Legal Services and Renter Education	Legal Services and Renter Education offers legal representation, advocacy, outreach, and education to households at risk of losing their housing.
Emergency Rental Assistance	Emergency Rental Assistance provides financial assistance for rental expenses to support the stabilization of households at risk of losing their housing.
Flexible Financial Assistance	Flexible Financial Assistance provides an array of financial assistance for households at risk of losing their housing.
Short-Term Income Support	Short-Term Income Support involves providing income assistance for households at risk of losing their housing.

Technical Assistance (TA) Uses

Technical Assistance uses are designed to provide services, directly or through partnerships with contracted service providers, that support LACAHSA and the Eligible Jurisdictions in achieving metrics.	
Local Agency Technical Assistance Grants	LACAHSA will administer a Local Agency Technical Assistance grant program that will allow Eligible Jurisdictions and their member jurisdictions to directly apply for technical assistance funds. LACAHSA will also administer a Local Agency Technical Assistance grant program that will allow cities with populations under 50,000 to directly apply for technical assistance funds.
Direct Technical Assistance Programming	LACAHSA may provide direct technical assistance programming for Eligible Jurisdictions and their member jurisdictions to engage in coordination and capacity building. Eligible programs can include technical workshops, training sessions, education on best practices, and regulatory compliance support.
Program Design, Administration, Monitoring, & Evaluation	LACAHSA and Eligible Jurisdictions may use Technical Assistance funds to develop internal staff capacity and administrative infrastructure required to design, operate, monitor, and evaluate related programs.
Professional Services Support	LACAHSA and Eligible Jurisdictions may use Technical Assistance funds to contract additional consultant services related to policy development and implementation, monitoring, auditing, and evaluation.

Section 3. Agency Core Capacities

LACAHSA will need top-tier talent to run the innovative financing programs it has developed. The Agency is unique in its mandate and structure: it will serve at times as a lender, an investor, a financial guarantor, an asset manager, a compliance monitor, a technical assistance provider, and regional coordinator. Securing staff and/or contracted partners with strong backgrounds in traditional housing finance, investment banking, debt issuance, and complex transactions will be critical to the Agency's success.

Section 3 details the core capacities LACAHSA will need to develop to work effectively with developers, investors, service providers, and public agencies across the region. Table 5, below, summarizes these capacities.

Table 5. Core Capacities

Core Capacities	
Project-Level Financing	LACAHSA will source, prioritize, underwrite, and close affordable housing deals with complex structures and multiple funding mechanisms. The Agency's investments will go beyond standard residual receipts loans, and will require creativity, strong financial analysis capabilities, and a strong understanding of real estate underwriting.
Asset and Portfolio Management	LACAHSA will manage a diverse portfolio of investments and liabilities that need continual monitoring and coordination. The Agency will also need to oversee the management of a large portfolio of physical real estate assets, including monitoring lease up and long-term occupancy, eligibility determinations, ongoing compliance, and operating costs.
Capital Markets and Cashflow Management	To effectively utilize its bonding powers, LACAHSA will raise private capital, manage bond cash flows, develop securitization strategies, manage guarantee risk, and place loans on the secondary market. Rental and operating subsidies, guarantees on B-Note bonds, and other financial tools will require monitoring existing cashflow and managing cashflow over multiple years to meet LACHASA's financial commitments regardless of market circumstances.
Program and Policy Management	To implement its Renter Protection and Technical Assistance programs, LACAHSA will design program guidelines, solicit service providers, execute programs, and manage contracts. LACAHSA will also need to evaluate and monitor the effectiveness of its programs across both the Agency and Eligible Jurisdictions to reduce redundancy and improve service quality—improving coordination across agencies and advocating for policy improvements where needed.
Compliance and Risk Management	LACAHSA will manage regulatory compliance across multiple jurisdictions, meeting the highest standards of transparency and accountability. Compliance includes internal auditing, reporting, and oversight over LACAHSA's full portfolio of transactions, including preparing annual reports as required by state and local law.
Operations	To support the functions described above, LACAHSA will need robust internal operations, including finance and accounting, general counsel, contract management, human resources, and IT. Staff or consultants will need to understand the complexity of public-sector operations while being able to operate at the speed of private sector partners. Critically, the Agency must quickly and efficiently execute MOUs and distribute money to the various Eligible Jurisdictions—who will rely on transparent and efficient LACAHSA operations in order to plan and execute their own programs—while also establishing the infrastructure needed to hold each Eligible Jurisdiction accountable for its use of LACAHSA funds.

01 Funding Allocations

Image credit: LACAHSA

Funding Allocations

The LACAHSA Act (Government Code section 64700 et seq., enabled by SB 679)[8] and Measure A[9] describe legislative requirevments for LACAHSA's funding allocations for each allowable use category and each jurisdiction eligible to receive funds.

LACAHSA Share of Measure A Revenues (35.75%)

Measure A, also known as the Affordable Housing, Homelessness Solutions, and Prevention Now Transactions and Use Tax Ordinance, introduced a 0.5% sales and use tax imposed by the County of Los Angeles on the sales, storage, use, or other consumption of tangible personal property at retail establishments, effective as of April 1, 2025. Measure A has no expiration date. The proceeds from this tax will be used for reducing and preventing homelessness, increasing the supply of affordable housing in Los Angeles County by providing for significantly enhanced funding and technical assistance at a regional level for renter protections, affordable housing preservation, and new affordable housing production for low-income households.

According to Measure A Section 3B.4, the Los Angeles County Auditor-Controller will distribute 35.75% of the Measure A sales tax to LAHCASA, net of County costs to collect and distribute the tax imposed not to exceed 0.5% of annual tax proceeds.

To estimate Measure A revenues for FY 2025-26, HR&A used a projection published by the Los Angeles County Chief Executive Office on February 28, 2025, which estimated total revenues of $1,076,076,350.[10] Of this total, $382,773,809 is the anticipated 35.75% share for LACHASA, after allowing for a 0.5% for collection and distribution cost reimbursement to the County Auditor-Controller.

The Allocations presented in this report only correspond to LACAHSA's 35.75% share and are not inclusive of other Measure A funding streams such as comprehensive homelessness services funding; accountability, data, and research funding for the Los Angeles County Homeless Initiative; and local housing production funding for the Los Angeles County Development Authority.[11]

8 https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB 679

9 https://file.lacounty.gov/SDSInter/lac/1169975_Special-Sales-Tax-to-Fund-Homelessness-Programs-and-LACAHSA.pdf

10 https://file.lacounty.gov/SDSInter/bos/bc/1178494_FesabilityofImplementingtheBRCHonHomelessnessRecommendationsNo1and3-SIGNEDBOARDMEMO.pdf

11 Ibid.

Allocation by Use Category

The LACAHSA Act and Measure A identify four allowable uses of LACAHSA funds.

1. **Production, Preservation, and Ownership (PPO) (60%):** Measure A ordinance Section 29B mandates that 60% of funding be used for production, preservation, and ownership of affordable housing. Of this amount, 77.25% is mandated for construction of new affordable housing ("PPO-New Construction"). The remainder can be allocated to any eligible PPO use ("PPO-Flexible"). Measure A's requirements supersede a minimum 40% spending for PPO uses mandated by Government Code section 64830(d)(1).

    - *PPO - New Construction:* Creation of new permanent residential units. May include construction of affordable housing unit where there are no existing uses and/or substantial rehabilitation of existing housing units or commercial or other non-residential use to affordable housing, and rent and/or operating subsidies that support new construction.
    - *PPO - Flexible:* The remaining 22.75% is a flexible category that can be spent on any eligible PPO program including construction, preservation, acquisition, rehabilitation, ownership, and rent and operating subsidies such as income assistance for extremely low income households or project-based rental assistance contracts with no time limit that are restricted to the support of extremely low income households.
    - *Annual Board Priorities:* Government Code section 64830(d)(3) states that LAHCASA should spend a minimum of 15% of its annual programmatic budget for annual priorities. To meet the 60% threshold set by Measure A, the Annual Board Priority share is directed towards production, preservation, and ownership. However, Government Code section 64830(d)(3) does not subject the Annual Board Priorities allocation to the 70%/30% split between Eligible Jurisdictions and The Agency. Thus, while the Board Priorities allocation is functionally mandated by Measure A to be allocated for PPO purposes until June 30, 2035, the Board has discretion as to how to allocate it within this category. At the June 25, 2025, Board Meeting, the Board elected to follow the same 70%/30% split between Eligible Jurisdictions and The Agency.

2. **Renter Protection and Homelessness Prevention (RPHP) (30%):** Government Code section 64830(d)(2) states that LAHCASA should spend a minimum of 30% of its annual programmatic budget on renter protection and homelessness prevention programs.

3. **Technical Assistance (TA) (5%):** Government Code section 64830(d)(4) states that LAHCASA should spend a minimum of 5% of its annual programmatic budget on technical assistance, research, and policy development.

    - *Technical Assistance for Small Cities:* In addition to the 5% allocation, Government Code section 64830.5(a)(2) also mandates that at least 5% of the Agency funds for production, preservation and ownership, renter protection and homelessness prevention, and technical assistance should be reserved for technical assistance grants to small cities with population under 50,000.

4. **Agency Operations & Administration (5%):** Government Code section 64830(d)(5), states that the Agency can spend a maximum of 10% of its annual programmatic budget for its administration and operating expenses. However, after accounting for increased programmatic funding requirements within Measure A, the Agency is limited to a maximum of 5% for administrative uses. The Agency may choose to reallocate administration funding to other programmatic uses at its discretion; thus, in this report the allocation reflects only the maximum allowable expenditure. Additional allowances for administrative and direct costs for programs implemented by Eligible Jurisdictions will be established and adopted by the Board in LACAHSA's Program Guidelines.

Allocation by Eligible Jurisdiction

The LACAHSA Act and Measure A dictate how LACAHSA funds are distributed between the Agency and the other Eligible Jurisdictions.

Share to the Agency: Government Code section 64830.5(a)(2) states that 30% of funds for production, preservation, and ownership, renter protection and homelessness prevention, and technical assistance will be allocated to the Agency to utilize at its discretion. The funds for administration are entirely allocated to the Agency.[12]

Share to Eligible Jurisdictions: Government Code section 64830.5(a)(2) states that 70% of funds for production, preservation, and ownership, renter protection and homelessness prevention, and technical assistance are allocated to the Eligible Jurisdictions.


Image credit: Drew Dau via Unsplash

SB 679 identifies the following Eligible Jurisdictions, consisting of the County, individual municipalities, councils of governments (COGs), and regional housing trusts:

1. County of Los Angeles (on behalf of unincorporated areas)
2. City of Los Angeles
3. City of Long Beach
4. City of Glendale
5. City of Santa Clarita
6. San Gabriel Valley Councils of Governments —whose share may be allocated to the San Gabriel Valley Regional Housing Trust
7. Gateway Cities Councils of Governments—whose share may be allocated to the Gateway Cities Affordable Housing Trust
8. South Bay Cities Councils of Governments—whose share may be allocated to the South Bay Regional Housing Trust
9. Westside Cities Councils of Governments
10. San Fernando Valley Councils of Governments
11. Las Virgenes/Malibu Councils of Governments

Government Code section 64830.5(a)(1)(A)(ii) allows regional housing trusts consistent with the San Gabriel Valley Regional Housing Trust model to be eligible to receive a direct allocation. In addition, any regional housing trust that does not correspond to an existing council of government can be eligible to receive a direct allocation at the Board's discretion. LACAHSA staff received an allocation request from the Burbank-Glendale-Pasadena Regional Housing Trust (BGPRHT), and this

12 Additional allowances for administrative and direct costs for programs implemented by Eligible Jurisdictions will be established and adopted by the Board in LACAHSA's Program Guidelines.

Expenditure Plan anticipates that the Board will approve a direct allocation to BGRPHT and incorporates an allocation to it as a presumed Eligible Jurisdiction.

12. Burbank-Glendale-Pasadena Regional Housing Trust (BGPRHT)

After identifying all Eligible Jurisdictions, HR&A assigned each of the 88 incorporated cities and unincorporated areas of Los Angeles County to a respective Eligible Jurisdiction.

1. HR&A identified cities that receive a direct allocation.

2. All unincorporated areas were assigned to Los Angeles County.

3. The cities of Burbank and Pasadena were assigned to BGPRHT. Because the City of Glendale receives a direct allocation, its allocations are not included in the BGPRHT allocation.

4. The remaining municipalities were assigned to a COG based on data published by Southern California Association of Governments (SCAG).[13]

A complete index of municipality assignments to Eligible Jurisdictions is provided in Appendix A, Table A1.

There are two municipalities within the County that each belong to two councils of government—City of Montebello and the City of Industry. After consultation with the respective cities and councils of government, both Montebello and Industry were assigned to the San Gabriel Valley Council of Government.

Finally, there are two municipalities within the County that do not belong to a council of government and which did not receive a direct allocation—the City of Lancaster and the City of Palmdale. For the purpose of this Expenditure Plan, allocations for these two municipalities are assigned to:

13. North Los Angeles County Transportation Coalition JPA

The JPA will amend its purposes to include housing as eligible use of funds. This Expenditure Plan anticipates that the Board will approve a direct allocation to the North County JPA and incorporates an allocation to it as a presumed Eligible Jurisdiction.

Distribution Among Eligible Jurisdictions

SB 679 also provides guidance on how funding for each eligible use should be distributed among the Eligible Jurisdictions.

PPO Distribution: Government Code section 64830.5(a)(2)(A)(i) states that funding for production, preservation, and ownership should be allocated to each Eligible Jurisdiction based on its pro rata lower income housing need. Government Code section 64830.5(f) states that "pro rata lower income housing need" is defined as the jurisdiction's share of the total lower income housing needs assessment goal for the County of Los Angeles allocated pursuant to Section 65584—the State's Regional Housing Needs Assessment (RHNA).

To conduct the Regional Housing Needs Assessment, the California Department of Housing and Community Development (HCD) determines the regional housing need for each region, considering factors like demographic trends, housing conditions, overcrowding, cost burden, vacancy rates, and jobs-housing imbalances.[14] The Southern California Association of Governments (SCAG) 6th Cycle Final RHNA Allocation Plan was approved by HCD in March 2021 and covers the period from October 2021 to October 2029—the latest data available to inform the LACAHSA allocations.[15]

13 https://scag.ca.gov/post/scag-members-subregions

14 https://www.hcd.ca.gov/planning-and-community-development/regional-housing-needs-allocation

15 https://scag.ca.gov/sites/default/files/2024-05/6th_cycle_final_rhna_allocation_plan_070121.pdf

Figure 2. PPO-New Construction Allocation Calculation Formula, City of Long Beach

11,188 *Long Beach RHNA Lower Income Housing Need*	÷	**340,295** *Total LA County RHNA Lower Income Housing Need*	=	**3.30%** *Long Beach Pro Rata Share RHNA Lower Income Housing Need*
46.35% *Total Distribution for PPO-New Construction**	×	**70%** *Share for Eligible Jurisdictions*	=	**32.45%** *Eligible Jurisdiction Share for PPO-New Construction*
32.45% *Eligible Jurisdiction Share for PPO-New Construction*	×	**3.30%** *Long Beach Pro Rata Share RHNA Lower Income Housing Need*	=	**1.07%** *Long Beach Share for PPO-New Construction*
1.07% *Long Beach Share for PPO-New Construction*	×	**$383 MILLION** *Total LACAHSA Allocation*	=	**$4.1 MILLION** *Long Beach Allocation for PPO-New Construction*

**Inclusive of Board Priorities Allocation for PPO-New Construction*

HR&A used the SCAG 6th Cycle Final RHNA Allocation Plan for each of the 88 municipalities and unincorporated areas and aggregated to each Eligible Jurisdiction using the assignments described above. HR&A then calculated the share of households with low and very low income (AMI below 80%)[16] for each Eligible Jurisdiction compared to the total countywide need. HR&A used the resulting share of lower income housing need to allocate available PPO funds to each Eligible Jurisdiction.

Figure 2 above provides an example of the calculation formula for the City of Long Beach's PPO-New Construction share.

TA Distribution: Government Code 64830.5(a)(2)(C)(i) states that funding for technical assistance should be allocated to Eligible Jurisdictions on a "per low-income renter household basis." However, unlike PPO, the LACAHSA Act does not specify a data source to define "low-income renter households." Because no data source was specified, HR&A used national best practices to identify a widely accepted and transparent data source to measure each jurisdiction's pro rata share of low-income renter households.

The U.S. Department of Housing and Urban Development (HUD) compiles Comprehensive Housing Affordability Strategy (CHAS) data as a set of custom tabulations of American Community Survey (ACS) data provided by the U.S. Census Bureau. The latest CHAS data are based on 2017-2021 ACS 5-year estimates.[17] The primary purpose of CHAS data is to demonstrate the extent of housing problems and housing needs, particularly for low-income households. CHAS data categorize households by income levels, primarily focusing on those earning 30%, 50%, and 80% of the area median income.

16 HCD uses the following categorization in RHNA: very low income (0-50% AMI), low income (50-80% AMI), moderate income (80-120% AMI) and above moderate income (above 120% AMI). https://abag.ca.gov/sites/default/files/abag_2023-2031_rhna_faq_-_july_2020.pdf

17 https://www.huduser.gov/portal/datasets/cp.html. CHAS data is generally updated once latest ACS custom tabulations are available. https://www.huduser.gov/portal/datasets/cp/CHAS/update_chas.html

CHAS data are widely used by state and local governments to inform spending decisions:

- Federally, HUD awards funding for Community Development Block Grants (CDBG) using a formula that employs CHAS data.[18]
- Within the State of California, RHNA estimates are directly informed by CHAS data, and CHAS is integrated into the State's Office of Environmental Health Hazard Assessment CalEnviroScreen Tool.[19]
- Other jurisdictions also employ CHAS to inform housing planning and funding allocation activities. New York State Homes and Community Renewal uses CHAS data for housing burden analysis and funding applications.[20] Cities and counties including Seattle, Miami-Dade County, and Kansas City incorporate CHAS data in their planning processes.[21, 22, 23]

Informed by these national best practices, HR&A defined the pro rata share of low-income renter households using *CHAS 2017-2021 5-year Estimates for Renter Occupied Households (Table 7) By Census Place* for each jurisdiction within LA County. For each jurisdiction, HR&A calculated the total number of renter households below 80% AMI[24] and the totals for each Eligible Jurisdiction using the assignments described above. Finally, HR&A calculated the pro rata share for each Eligible Jurisdiction.

RPHP Distribution: The LACAHSA Act does not specifically dictate how RPHP funding should be distributed among Eligible Jurisdictions. However, HR&A and LACAHSA staff elected to distribute RPHP funding using the same formula used for TA Distribution—i.e., the pro rata share of low-income renter households, as defined by CHAS—given the use's specific focus on renter households.[25] Government Code section 64830.5(c)(1) states that for the RPHP distribution, the City of Los Angeles share is "subject to a 50-percent limit."[26] However, as demonstrated in Appendix A, Table A3, the City of Los Angeles has a 49.2% share of low-income renter households in the County; thus, the 50% cap was not applied.

18 https://www.hudexchange.info/sites/onecpd/assets/File/CDBG-Formula-Appropriation-Process-Transcript.pdf

19 https://oehha.ca.gov/calenviroscreen/indicator/housing-burden

20 https://hcr.ny.gov/system/files/documents/2021/10/new-york-state-2021-2025-consolidated-plan-as-submitted-to-hud.pdf

21 https://www.seattle.gov/documents/Departments/OPCD/SeattlePlan/OneSeattlePlanpDraftHousingAppendixSupplementalTables.pdf

22 http://www.shimberg.ufl.edu/publications/Miami_Dade_data_appendix_061120.pdf

23 https://www.marc.org/news/economy/new-dashboards-added-housing-data-hub-shine-light-housing-problems-kansas-city-region

24 SB 679 clause 64710(c) defines the Agency's purpose with a focus on households earning 80% AMI or below.

25 The legislative history for SB 679 indicates that the RPHP category would be allocated on a "per low-income renter household basis." The failure to include this requirement in the chaptered version of SB 679 was likely an error. See Senate Floor Analysis (Aug 15, 2022) at page 6, available here: https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202120220SB679

26 https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB 679

Allocations by Jurisdiction, approved by LACAHSA Board of Directors for FY25-26

Applying the methodology described above, Table 6 below illustrates the percentage share of LAHCASA's funding to the Agency and each Eligible Jurisdiction by corresponding use.

Table 6. Percentage Share of LACAHSA Funding by Use and Jurisdiction

		PPO			RPHP		TA			
	Agency	New Construction	Flexible	TA for Small Cities	RPHP	TA for Small Cities	General	TA for Small Cities	Admin	Total by Agency
1	LACAHSA	13.91%	3.42%	0.68%	8.55%	0.45%	1.43%	0.08%	5.00%	33.50%
2	Burbank-Glendale-Pasadena Regional Housing Trust	0.80%	0.24%		0.56%		0.09%			1.69%
3	City of Glendale	0.53%	0.16%		0.55%		0.09%			1.33%
4	City of Long Beach	1.07%	0.31%		1.21%		0.20%			2.80%
5	City of Los Angeles	17.61%	5.19%		10.34%		1.72%			34.86%
6	City of Santa Clarita	0.49%	0.14%		0.23%		0.04%			0.90%
7	Gateway Cities Council of Governments/Gateway Cities Affordable Housing Trust	1.83%	0.54%		2.12%		0.35%			4.84%
8	Las Virgenes/Malibu Council of Governments	0.05%	0.02%		0.04%		0.01%			0.12%
9	North Los Angeles County Transportation Coalition JPA	0.58%	0.17%		0.56%		0.09%			1.41%
10	San Fernando Valley Council of Governments	0.07%	0.02%		0.04%		0.01%			0.14%
11	San Gabriel Valley Council of Governments/San Gabriel Valley Regional Housing Trust	3.26%	0.96%		2.14%		0.36%			6.71%
12	South Bay Cities Council of Governments/South Bay Regional Housing Trust	1.47%	0.43%		1.28%		0.21%			3.40%
13	Unincorporated Los Angeles County	3.75%	1.10%		1.39%		0.23%			6.47%
14	Westside Cities Council of Governments	0.92%	0.27%		0.55%		0.09%			1.83%
	TOTAL	**46.35%**	**12.98%**	**0.68%**	**29.55%**	**0.45%**	**4.93%**	**0.08%**	**5.00%**	**100.00%**

Table 7 below estimates the total amount of LACAHSA funding to the Agency and each Eligible Jurisdiction by corresponding use.

Table 7. Estimated LACAHSA Funding by Use and Jurisdiction

		PPO			RPHP		TA			
	Agency	**New Construction**	**Flexible**	**TA for Small Cities**	**RPHP**	**TA for Small Cities**	**General**	**TA for Small Cities**	**Admin**	**Total by Agency**
1	LACAHSA	$53,224,698	$13,090,864	$2,583,723	$32,727,161	$1,722,482	$5,454,527	$287,080	$19,138,690	$128,229,226
2	Burbank-Glendale-Pasadena Regional Housing Trust	$3,058,288	$900,661		$2,137,002		$356,167			$6,452,118
3	City of Glendale	$2,044,455	$602,089		$2,105,698		$350,950			$5,103,191
4	City of Long Beach	$4,083,071	$1,202,458		$4,646,518		$774,420			$10,706,466
5	City of Los Angeles	$67,414,093	$19,853,341		$39,560,271		$6,593,378			$133,421,084
6	City of Santa Clarita	$1,872,563	$551,467		$886,244		$147,707			$3,457,981
7	Gateway Cities Council of Governments/ Gateway Cities Affordable Housing Trust	$7,018,735	$2,067,006		$8,102,103		$1,350,350			$18,538,195
8	Las Virgenes/Malibu Council of Governments	$204,737	$60,295		$166,605		$27,768			$459,405
9	North Los Angeles County Transportation Coalition JPA	$2,237,149	$658,837		$2,142,219		$357,037			$5,395,241
10	San Fernando Valley Council of Governments	$267,874	$78,888		$146,780		$24,463			$518,005
11	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	$12,480,955	$3,675,621		$8,172,640		$1,362,107			$25,691,324
12	South Bay Cities Council of Governments/ South Bay Regional Housing Trust	$5,641,046	$1,661,279		$4,886,096		$814,349			$13,002,770
13	Unincorporated Los Angeles County	$14,356,803	$4,228,055		$5,312,453		$885,409			$24,782,720
14	Westside Cities Council of Governments	$3,511,192	$1,034,041		$2,117,872		$352,979			$7,016,083
	TOTAL	**$177,415,660**	**$49,664,902**	**$2,583,723**	**$113,109,660**	**$1,722,482**	**$18,851,610**	**$287,080**	**$19,138,690**	**$382,773,809**

02 Eligible Uses

Eligible Uses

Image credit: Paul Hanaoka via Unsplash

Production, Preservation, & Ownership (PPO)

Allocations

In FY 2025-26, 60% of the LACAHSA budget will be dedicated to Production, Preservation, and Ownership programs—$229.6 million. As mandated in Government Code section 64830(d)(1)(A)(i), eligible uses can include but are not limited to:

> *"land acquisition, housing acquisition, financing, and ownership programs, including the agency serving as a single source of financing as appropriate, income assistance for extremely low income households, and project-based rental assistance contracts with no time limit that are restricted to the support of extremely low income households."*[27]

The distribution of PPO funds by jurisdiction is presented in Table 8 below.

Table 8. Estimated LACAHSA Funding by Use and Jurisdiction

	Agency	PPO - New Construction	PPO - Flexible	Total
1	LACAHSA *(including small cities TA)*	$55,220,624	$13,678,661	$68,899,286
2	Burbank-Glendale-Pasadena Regional Housing Trust	$3,058,288	$900,661	$3,958,949
3	City of Glendale	$2,044,455	$602,089	$2,646,544
4	City of Long Beach	$4,083,071	$1,202,458	$5,285,528
5	City of Los Angeles	$67,414,093	$19,853,341	$87,267,434
6	City of Santa Clarita	$1,872,563	$551,467	$2,424,030
7	Gateway Cities Council of Governments/ Gateway Cities Affordable Housing Trust	$7,018,735	$2,067,006	$9,085,742
8	Las Virgenes/Malibu Council of Governments	$204,737	$60,295	$265,032
9	North Los Angeles County Transportation Coalition JPA	$2,237,149	$658,837	$2,895,986
10	San Fernando Valley Council of Governments	$267,874	$78,888	$346,762
11	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	$12,480,955	$3,675,621	$16,156,577
12	South Bay Cities Council of Governments/ South Bay Regional Housing Trust	$5,641,046	$1,661,279	$7,302,325
13	Unincorporated Los Angeles County	$14,356,803	$4,228,055	$18,584,858
14	Westside Cities Council of Governments	$3,511,192	$1,034,041	$4,545,233
	TOTAL	**$179,411,586**	**$50,252,699**	**$229,664,285**

27 https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB 679

Statutory Requirements

The following represents a synthesis of statutory guidelines that apply to LACAHSA's work. Program level guidelines to support implementation of these statutory mandates are forthcoming.

New Construction Requirements

Measure A Section 29B mandates that 60% of funding be used for Production, Preservation, and Ownership (PPO). Of this amount, 77.25% is mandated for construction of new affordable housing ("PPO-New Construction").[28] Based on this requirement, Table 8 breaks out Production, Preservation, and Ownership into two categories:

- **PPO - New Construction:** The minimum 77.25% of the total allocation required to be spent on new construction and rent and operating subsidies that support new construction.
- **PPO - Flexible:** The remaining 22.75% is a flexible category that can be spent on any eligible PPO program including construction, preservation, acquisition, rehabilitation, ownership, and rent and operating subsidies.

Project Labor Requirements

Measure A Section 28B and Government Code section 64720.5(a) stipulate that any new construction and rehabilitation project receiving funding constitutes a public work subject to prevailing wage requirements. Construction or rehabilitation contracts and subcontracts must include provisions requiring the payment of prevailing wages.

Additionally, Measure A Section 28C and Government Code Section 64720.5(b) also require that projects with 40 units or more to comply with the City of Los Angeles Department of Public Works Project Labor Agreement 2020-2030 if the project is within the City of Los Angeles, or the Countywide Community Workforce Agreement executed by the Chief Executive Officer on June 7, 2023 if the project is elsewhere, or any successor to either agreement. Construction or rehabilitation contracts for projects with 40 units or more must include provisions requiring compliance with the applicable Project Labor Agreement based on the location of the project.[29, 30]

Affordability Requirements

The LACAHSA Act and Measure A also stipulate the minimum AMI levels for individual projects and the combined LACAHSA investment portfolio.

1. **Project-Level Requirements – New Construction**

According to Government Code section 64830(d)(1)(A)(ii)(II):

> *"...for each project, 10 percent of the units in the project shall be reserved for extremely low income households and 10 percent of the units shall be reserved for very low income households."*

Based on these parameters, any new construction project must include a minimum of:

- 10% of homes below 30% AMI, and
- 10% of homes below 50% AMI.

Any new construction project must include a minimum of:

10% of homes **below 30% AMI**

10% of homes **below 50% AMI**

28 https://file.lacounty.gov/SDSInter/lac/1169975_Special-Sales-Tax-to-Fund-Homelessness-Programs-and-LACAHSA.pdf
29 https://file.lacounty.gov/SDSInter/lac/1169975_Special-Sales-Tax-to-Fund-Homelessness-Programs-and-LACAHSA.pdf
30 https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB679

For the remaining 80% of the building, Government Code section 64830(d)(1)(A)(ii) provides two options:

1. 80% of the building is below 80% AMI, or
2. 50% of the building is below 120% AMI, and 30% of the building is below 80% AMI, if LACAHSA funds only support the 30% AMI and 50% AMI units.

   Government Code (64830(d)(1)(A)(ii)) states:

   "Financing for any development costs associated with a project or funding grant that is for housing that is 100 percent affordable, which means restricted to any household that earns less than 80 percent of the area median income (AMI), including permanent supportive housing that includes onsite supportive services. An eligible project may also include a subset of at least 50 units, or 50 percent of the total units, whichever is greater, in a larger development that includes units targeted up to 120 percent of AMI, in which case the agency may only fund units that are designated for extremely low and very low income households, and agency funds shall not be used in connection with any unit that is income restricted due to development incentives, density bonuses, or similar programs."

In conclusion, LACAHSA and each Eligible Jurisdiction may fund the full capital stack for projects that are 100% affordable at or below 80% AMI. Projects may include 120% AMI homes, for a maximum of at least 50 homes or 50% of the building, whichever is greater. However, in these cases, LACAHSA may only fund the portion of the capital stack designated towards 30% AMI and 50% AMI homes. Rent levels for 120% AMI units are not defined in SB 679 64830(d)(1)(A)(ii). However, in a later section, SB 679 64830(d)(1)(B)(i) states that:

> *"Existing residents of buildings acquired for the purpose of affordable housing preservation shall not be permanently displaced, even if the resident's household income exceeds the moderate-income limits in Section 50093 of the Health and Safety Code."*

The Health and Safety Code uses consistent language in defining the household income limits for Extremely Low Income (ELI / 30% AMI) Very Low Income (VLI / 50% AMI), Low Income (LI / 80% AMI), and Moderate Income (MI / 120% AMI). The language in all cases aligns the household limits that are "adjusted for family size by the California Department of Housing & Community Development with adjustment factors adopted and amended from time to time by the United States Department of Housing and Urban Development pursuant to Section of the United States Housing Act of 1937."[31] Notably, the HUD methodology adjusts the ELI, VLI, and LI household income limits upwards to account for a region's high housing costs. However, HUD does not adjust the MI household income limits in the same way and neither does the department. Consequently, the MI household limits ($117,850 for a family of four in 2024) are only marginally higher than the LI household income limits ($110,950 for a family of four in 2024).[32] This limits the positive impact of increased rental income on a project's economics afforded by including 120% AMI rather than 80% AMI Units.

2. Project-Level Requirements – Preservation

For projects preserving existing subsidized affordable housing or converting market-rate housing to affordable, Government Code section 64830(d)(1)(B)(ii) states:

> *"Buildings acquired for the purpose of affordable housing preservation shall achieve 100 percent occupancy by extremely low or very low income households over time through unit turnover."*

This allows for buildings that are not currently subsidized to be converted to affordable housing over time, working towards occupancy of 100% of the building affordable to households earning 50% AMI or below. This provision effectively prohibits the use of

31 California Legislative Information. Section 50093 of the Health and Safety Code. https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=HSC&sectionNum=50093.

32 California Department of Housing and Community Development. 2024 State income Limits. https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/income-limits-2024.pdf

Measure A funding for tenant evictions, even if the tenants are not income-qualified following the affordability conversion.

3. Portfolio-Level Requirements

Lastly, for Eligible Jurisdictions, 25% of all homes funded must serve households earning at or below 30% of AMI, and 25% of all homes must serve households earning at or below 50% AMI. This is evaluated on a rolling two-year period. Specifically, Government Code section 64830(d)(1)(A)(i)(I) states:

> *"(I) For each of the eligible jurisdictions, as defined in paragraph (1) of subdivision (a) of Section 64830.5, 25 percent of all funded units shall be reserved for extremely low income households, as defined in Section 50106 of the Health and Safety Code, and 25 percent shall be reserved for very low income households, as defined in Section 50105 of the Health and Safety Code, over any two-year period, with regular monitoring by the citizens' oversight committee and board of units funded and constructed during that two-year period."*

The Limitations of Traditional Affordable Housing Finance

California's housing finance system is built on layers of funding sources and requirements—on the one hand generating "leverage" to stretch funding and on the other hand adding considerable time and expense. Together, the various federal, state, and local sources make the process of building affordable homes slower, more expensive, and less flexible. One study found that in 2024, for each additional California state funding source, there is an incremental per unit cost increase of $16,810 and four months of additional time before construction starts.[33]

The largest and most important single funding source within this system, the Low-Income Housing Tax Credit (LIHTC) Program, is significantly oversubscribed. California consistently reaches its private-activity bond cap, which limits the number of 4% LIHTC projects that can be funded each year. Other statewide programs providing affordable housing grants and loans are consistently oversubscribed.[34] It is not uncommon for traditional affordable housing developments to have 3 or more sources of state and local funding.

In Los Angeles County alone at the end of 2024, there were 82 affordable housing projects in the development pipeline, representing over 8,500 units, that had applied for state subsidies but remained unable to advance to construction due to financing gaps.[35]

Projects that receive 4% LIHTC allocations tend to be deeply affordable across all units in the building, which are prioritized by California's Qualified Allocation Plan (QAP). Other types of projects, such as preservation of existing affordable housing or low-to-moderate income housing, are left without a reliable funding source. In Los Angeles County in 2025, an estimate of 14,746 homes, or 10% of the entire affordable housing stock is set to lose affordability in the next 5-10 years. 2,276 of these units are estimated to be at risk for loss of affordability in less than a year.[36] There are extremely limited sources of funding to protect these existing public assets, let alone the number of apartments that may be considered "Naturally Occurring Affordable Housing" (NOAH), which are unsubsidized but provide affordable rents.

In addition, the existing system increases project costs, as projects are often slowed by months or years winding their way through annual funding allocation processes to

33 Terner Center. Reducing the Complexity in California's Affordable Housing Finance System. https://ternercenter.berkeley.edu/blog/reducing-the-complexity-in-californias-affordable-housing-finance-system/

34 Private Activity Bonds are tax-exempt bonds sold by the government on behalf of private businesses. The 1986 Federal Tax Reform Act limits the maximum amount of private activity bonds in a state each year, otherwise known as the bond ceiling or "cap". https://www.treasurer.ca.gov/cdlac/bonds.asp

35 Courtesy of Enterprise Community Partners. Calculated as part of the 2025 California Affordable Housing Pipeline Brief, https://www.enterprisecommunity.org/sites/default/files/2025-03/State_Pipeline_Brief_2025.pdf

36 California Housing Partnership. 2025 Subsidized At-Risk Report. https://chpc.net/wp-content/uploads/2025/04/CHP_2025-Subsidized-At-Risk-Report.pdf

assemble the necessary capital. Even projects that successfully receive 4% LIHTC allocations still require additional upfront subsidies—so-called "gap financing." To fill these gaps, municipalities, housing agencies, and regional housing trust funds utilize various local funding sources—including Community Development Block Grants, local tax revenues, and public land donations. However, these sources are also competitive and add additional layers of time and cost.

After homes are built, most projects with homes affordable below 50% of AMI, particularly PSH, require ongoing operating subsidies to cover the operating cost of the building and the cost of ongoing debt payments used to finance construction. There are a variety of sources available in Los Angeles County to bridge this gap, both targeted at specific units and specific households. One of the main sources for ongoing operating subsidies are project-based vouchers (PBVs, which are specific to a unit) and tenant-based vouchers (TBVs, most commonly federal Housing Choice Vouchers, which are specific to a household). However, there are a limited number of vouchers in any given market. The Housing Authority of the City of Los Angeles' waitlist has been closed since 2022, when HACLA received over 223,000 applications, of which only 30,000 applicants were selected and placed on the Section 8 waiting list.[37]

LACAHSA's Unique Role in Affordable Housing Finance

LACAHSA is uniquely positioned to enhance the existing housing finance system. LACAHSA and Eligible Jurisdictions can both fill financing gaps for conventionally financed affordable housing projects and pursue innovations to increase the production of affordable homes. Using its dedicated funding stream, regional mandate, and ability to leverage additional funds, LACAHSA will streamline processes, pare back requirements, and increase access to diverse capital sources. Figure 3 below illustrates LACAHSA's innovative value proposition.

Figure 3. LACAHSA Value Proposition for Affordable Housing Finance

Local Control

- Offer rental and operating subsidies
- Prioritize preservation
- Set bedroom sizes and other physical requirements to reduce costs

Shorter Timelines

- Fewer sources of financing
- Open solicitations
- Independent investment committee

Lower Cost Capital

- Bond financing backed by sales tax revenues
- Municipal bond rated debt
- Ability to leverage private funds

37 Housing Authority of the County of Los Angeles. " HACLA to Open Section 8 Housing Voucher Waiting List Lottery." October 11, 2022. https://www.hacla.org/en/news/hacla-open-section-8-housing-voucher-waiting-list-lottery

Deploying Measure A Revenue at LACAHSA

To meet its production goals, LACAHSA can deploy its Measure A funding in two ways, which are not mutually exclusive:

- **Pay As You Go (PAYGO):** LACAHSA could deploy funding on an annual basis as sales tax revenue is collected, or
- **Bond Financing:** LACAHSA could issue a bond against the sales tax revenue stream, allowing LACAHSA to access and deploy future years of sales tax revenue.

LACAHSA may choose to use some portion of its financing on PAYGO, and some on bond financing. Eligible Jurisdictions will likely only use the PAYGO method, due to its administrative simplicity. While there is no preferred method, there are opportunities and challenges associated with either approach:

Table 9. Comparison of Financing Approaches

	Opportunities	Constraints
PAYGO	• **Flexibility:** PAYGO allows for annual adjustments based on actual sales tax revenue, making it adjustable to economic conditions. • **Straightforward:** Model requires less risk and technical capacity. Avoids long-term debt and interest payments.	• **Immediate Use, but Limited Scale:** As revenue comes in it can be deployed into projects. However, annual revenue may not be sufficient for the scale of need, limiting scope and impact. • **Variability as Market Fluctuates:** Due to reliance on annual revenues, shifts in economic conditions could delay projects. May also leave jurisdictions exposed to rising construction costs or interest rates.
Bond Financing	• **Accelerated Production:** Measure A revenue will take time to accumulate, but Los Angeles County needs more homes now. Bond financing allows for securing funding upfront. This provides access to multiple years of future Measure A revenue, enabling significant investments in the near term. • **Leverage:** Bonds can be used to leverage additional low-cost capital, potentially increasing overall project scope. • **Fixed Borrowing Costs and Lower Construction Costs:** LACAHSA borrowing costs are fixed, with the ability for LACAHSA to consider refinancing if the market improves. Executing projects now secures construction costs at lower rates before they increase further.	• **Debt Obligations:** Issuance of bonds creates long-term debt obligations, tying up future Measure A funding. • **Interest Costs:** Bonds come with interest payments, which are less efficient over the long term when interest rates are high.

Overview of Eligible Uses

The following section identifies five categories of eligible PPO uses. Within each category, LACAHSA has identified a variety of financial tools that can be deployed and often combined to deliver and preserve affordable homes. Both LACAHSA and each Eligible Jurisdiction will have flexibility to deploy the tools that best respond to its unique market conditions, organizational capacity, and individual risk tolerance. As agencies design their own Production, Preservation, and Ownership programs, considerations should include:

- **Usage:** Will the tool target production, preservation, or ownership opportunities?
- **Subsidy Type:** Does the source have ownership interest or is it a loan that must be repaid? Is it structured as a one-time payment or ongoing payments?
- **Agency Role:** Does the agency have the internal capacity to administer the tool?
- **Households Served:** what levels of affordability are associated with the tool?

If an Eligible Jurisdiction wants to allocate LACAHSA funds to a use that has not been preapproved in the Expenditure Plan and Program Guidelines, the Eligible Jurisdiction may submit its proposed use to LACAHSA in a funding request. The funding request should include a summary of the proposed activity and how it aligns with Measure A and the Act. The request will be submitted to the LACAHSA Board or a committee established by the Board for consideration and approval. The Board or its designee will determine whether the proposed use is eligible and whether it will require an amendment to the Expenditure Plan.

The eligible uses within this section are the financing tools that can be utilized by LACAHSA and Eligible Jurisdictions. The tools can be deployed to invest in a variety of housing typologies and ownership structures. Each jurisdiction is given the flexibility to invest in diverse housing typologies including but not limited to traditional multifamily housing, social housing, adaptive reuse, land acquisition, ADUs, NOAH preservation, LIHTC resyndication, and mobile homes. In addition, these tools may be used in concert with one another to support a project's capital and operational feasibility. Table 10 below provides an overview of the eligible financial tools.

Image credit: LACAHSA

Table 10. Eligible Uses for Production, Preservation, and Ownership

Tool	Usage	Subsidy Type	Role	Households Served
Direct Project Investments				
Residual Receipts Loans	New construction or preservation	Soft-pay debt	Jurisdictions could originate loans directly to projects.	Primarily serving households below 80% AMI. Most effective in 30% to 80% AMI range. Tools pair well with operating subsidies to reach deeper affordability.
Limited Cashflow Loan		Soft-pay debt		
Hard Pay Subordinate Loan		Hard-pay debt		
Predevelopment/Acquisition Strike Loan	Predevelopment, acquisition, and/or preservation	Hard-pay debt		
Preferred Equity	New construction, preservation, or ownership	Equity		
Equity Investment				
Rent & Operating Subsidies				
Project-Based Rental Assistance	New construction or preservation	Annual operating subsidy (ongoing)	Jurisdictions may enter into agreements or provide rent and operating subsidies.	Households earning between 0-30% AMI.
Master Lease				
Shallow Rent Subsidy				
Operating Subsidies				Households earning between 0-80% AMI.
Capitalized Operating Subsidy Reserve (COSR)				
LACAHSA Mortgage				
A-Note	Primarily new construction, available for some preservation	Senior, hard-pay debt	LACAHSA is bond issuer for the A-Note and B-Note.	Households earning between 30% to 80% AMI. May serve projects that include homes at 120% AMI; however, funds may only be used for 50% AMI and 30% AMI homes.
B-Note with Guarantee		Bond and interest guarantee (ongoing) bond	Jurisdictions may provide additional investments and/or operating subsidies for related projects.	
Impact Fund				
Mini-Permanent Loan	Predevelopment, acquisition, and/or preservation of existing subsidized affordable and NOAH, or ownership	Hard-pay debt	Jurisdictions may provide additional residual receipts loans and/or operating subsidies.	Households earning between 30% to 80% AMI. If preservation, at building acquisition, all AMI levels are eligible. As units turnover over time, 100% of the building must reach 50% AMI.
Predevelopment/Acquisition Strike Loan			Jurisdictions could originate loans directly to projects.	
Ownership Products				
Community Land Trust Investment	Ownership	Hard-pay debt, soft-pay debt, grant	Jurisdictions could originate loans directly to non-profit organizations or households.	Primarily targeted towards households earning below 80% AMI. May serve projects that include homes at 120% AMI; however, funds may only be used for 50% AMI and 30% AMI homes in this scenario.
Limited or Shared Equity Cooperatives Investment				
Interest Rate Subsidy				
Soft Second Mortgage				
Foreclosure Assistance				
Affordable Homeownership Products Financing				

The financial tools can be deployed across various project types, often serving as complementary tools in a single capital stack, or ongoing subsidies to support project financing. Table 11 below illustrates how various housing projects could be suited to multiple financial tools.

Table 11. Eligible Uses by Housing Project Type

		Multi-Family Construction	Adaptive Reuse	Permanent Supportive Housing	Social Housing	Public Housing	Community Land Trusts	ADUs or Mobile Homes	Land Acquisition	Acquisition & Rehab	LIHTC Resyndication	NOAH Preservation
	PPO-New Construction											
	PPO-Flexible											
Direct Project Investments	Residual Receipts Loans											
	Limited Cashflow Loan											
	Hard Pay Subordinate Loan											
	Predevelopment/ Acquisition Strike Loan											
	Preferred Equity											
	Equity Investment											
Rent and Operating Subsidies	Project-Based Rental Assistance											
	Master Lease											
	Shallow Rent Subsidy											
	Operating Subsidies											
	Capitalized Operating Subsidy Reserve (COSR)											
LACAHSA Mortgage	A-Note											
	B-Note with Guarantee											
Impact Fund	Mini-Permanent Loan											
	Predevelopment/ Acquisition Strike Loan											
Ownership Products	Community Land Trust Investment											
	Limited or Shared Equity Cooperatives Investment											
	Interest Rate Subsidy											
	Soft Second Mortgage											
	Foreclosure Assistance											
	Affordable Homeownership Products Financing											

Direct Project Investments

Purpose

Direct project investments work to address the existing backlog of entitled affordable housing deals in need of gap financing. This may include projects that require local sources to secure LIHTC allocations and/or additional state funding. Uses within this section are currently commonly used for the development and preservation of affordable and mixed-income projects.

Tool Definitions

Residual Receipts Loans	Subordinate, soft-pay construction-to-permanent debt with below-market interest rates. Payments on the debt are made only if there is surplus project cash flow, with any unpaid interest deferred and accruing. The outstanding loan balance is due when the loan term ends or when the property is sold or refinanced. In most cases, residual receipts loans are underwritten with the expectation that the loan will not be fully repaid at maturity, rather extended, and resubordinated in exchange for continued affordability. Residual receipts loans are the most common existing tool for gap financing currently.
Limited Cashflow Loan	Subordinate, soft-pay debt for small investments to increase affordability in moderate income projects of $10,000 per unit. Payments on the debt are made only from surplus project cash flow with any unpaid interest deferred and accruing.
Hard Pay Subordinate Loan	Subordinate debt with a mandatory fixed monthly (hard-pay) payment, often with below-market interest rates. Debt service payments come from the project's residual income and can include both interest and principal payments. The outstanding loan balance is due when the loan term ends or when the property is sold or refinanced. For these loans, the loan-to-value ratio (LTV) is higher, meaning the loan amount is a larger percentage of the property's value. Most properties, especially deeply affordable ones, do not have sufficient residual income to cover payments, making hard-pay subordinate loans uncommon.
Predevelopment/ Acquisition Strike Loan	Low-cost debt that is available for costs associated with a project's acquisition (inclusive of land, or sites with existing structures) and predevelopment for a short term (1 to 5 years). Strike funds or acquisition funds allow affordable housing developers to compete with market-rate developers for preservation and development opportunities.
Preferred Equity	Preferred equity is prioritized before common equity in the cashflow distribution when the loan term ends or when the property is sold or refinanced. Preferred equity increases the chance for the equity holder to benefit from the project's income and earn more from property sales or refinancing than residual receipts loans. In exchange for reduced risk, preferred equity investors expect smaller returns.
Equity Investment	Non-profit affordable housing developers are limited in their ability to quickly raise equity and acquire larger portfolios of land or affordable buildings. The fund would cover a portion of the equity investment needed to acquire a building or site. It can work in place of or in addition to an Acquisition Strike Loan.

Opportunities and Constraints

- **Familiarity.** Residual receipts loans and other soft-pay products are the most common existing subordinate debt source provided by municipalities and agencies in Los Angeles County.

- **Flexibility.** Residual receipts loans and other soft-pay products offer the most generous and flexible terms of any of the financing tools and are best suited for LIHTC projects that have deep affordability supported by project-based vouchers or other operating subsidies. Regional housing trust funds and municipalities have experience administering these loans. New funding will bolster the existing Notice of Funding Availability (NOFA) processes.

- **Resource Intensity.** These loans are resource intensive and do not recycle, meaning the expectation for repayment is low. Therefore, these loans should be targeted towards the highest priority projects.

- **LIHTC Limitations.** Residual receipts loans, preferred equity, and hard pay subordinate loans are primarily used for new construction, targeted at 4% and 9% LIHTC projects. There are limited LIHTC funding resources, limiting the ability of these loans to scale further. These direct project investments can be used for non-LIHTC affordable new construction or preservation but require a much larger amount of funding per unit to make up for the LIHTC equity unless total development costs can decrease and/or the affordability level of the project can be moderated.

- **Opportunities for Use with Preservation and Future Development.** Forgivable cashflow loans and predevelopment/acquisition strike funds primarily target preservation of existing NOAH properties or land for future development.

- **Opportunities for Use with Social Housing.** Eligible jurisdictions and LACAHSA may consider utilizing direct project investment, paired with allowance for mixed income buildings, to develop social housing.

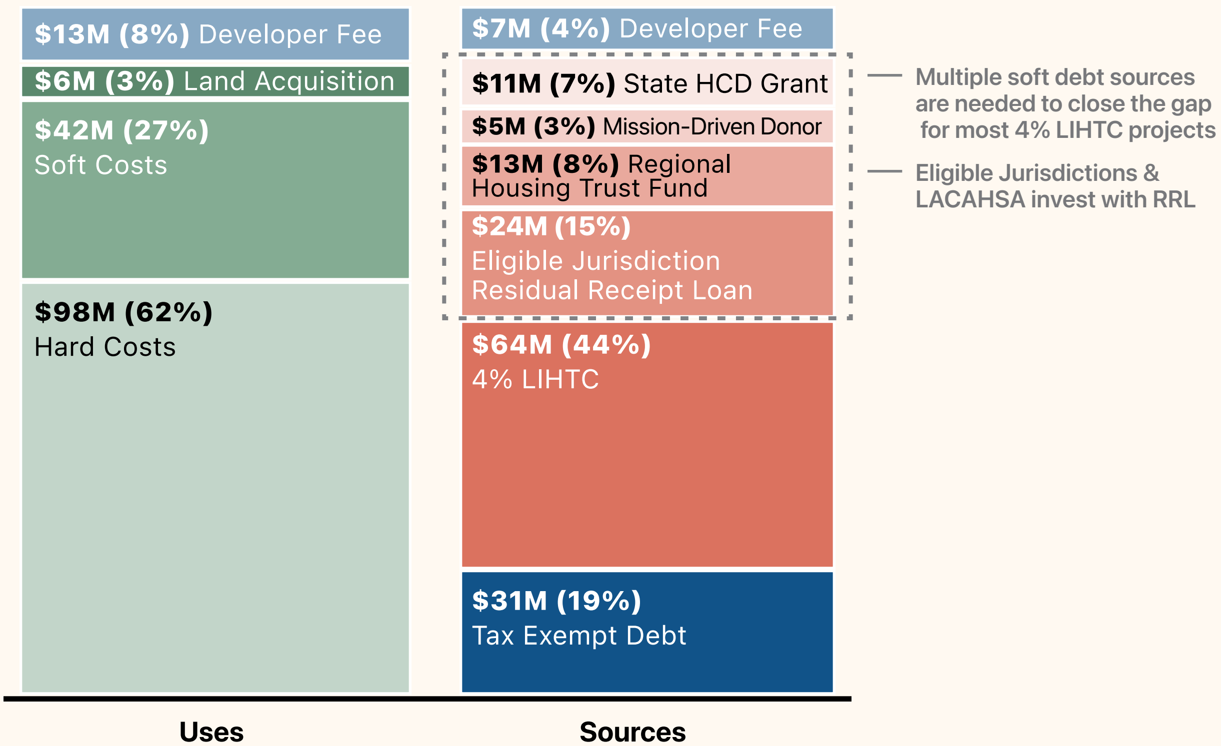
- **Need for Additional Subsidy.** All direct project investment models likely require pairing with existing affordable housing funding sources (local gap financing, LIHTC, federal CDBG/HOME).

- **Lack of Residual Cashflow for Preferred Equity and Subordinate Loans.** There are numerous low-cost and flexible first mortgages available to affordable housing developments. However, because these first mortgages allow for higher LTV ratio and lower debt service coverage ratio (DSCR), there is little residual net operating income (residual cash flow) to support hard-pay debt or equity. For this reason, hard-pay and some forms of equity are tools used relatively infrequently for deeply affordable housing.

Figure 4. Illustrative Example: Direct Project Investments with 4% LIHTC

Figure 4 provides an illustrative example of how an affordable housing project is conventionally financed in Los Angeles County. Projects typically require multiple direct project investments, in addition to 4% LIHTC allocation and tax-exempt debt. In this illustrative example, the total development cost to develop a 200-unit residential complex is $159 million—nearly $800,000 per unit. Although high, this per unit cost is aligned with typical 4% LIHTC deals in Los Angeles County. Because of the high cost, multiple residual receipt loans or other forms of subordinate debt are required to fill the financing gap.

The project requires a one-time, upfront investment of $300,000 per unit in residual receipts loans, provided by LACAHSA, Eligible Jurisdictions, or a combination of both. Due to funding limitations, multiple sources—including Eligible Jurisdictions, LACAHSA, and philanthropic or other funders—are likely needed.



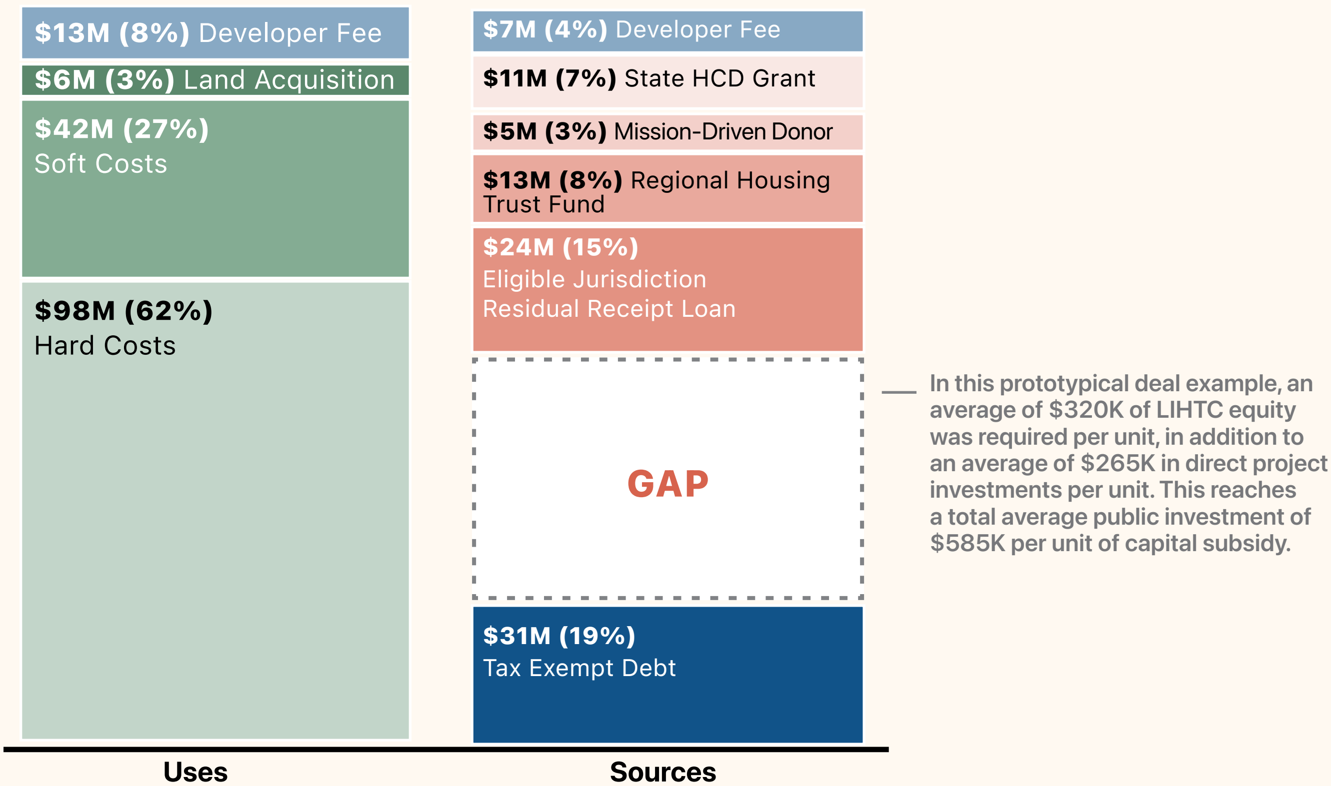
Key Assumptions

# of Units	200
Affordability Mix	40% @ 30%
	35% @ 50%
	25% @ 80%
Construction Type	Type V, Mid-Rise, New Construction
Total Development Cost	$159M
Total Development Cost per Unit	$796K

Note: For more information on assumptions, please see Appendix D. Financial Analysis Assumptions.

Figure 5. Illustrative Example: Direct Project Investments without 4% LIHTC

If a project is unable to access 4% LIHTC, a substantial gap emerges for the project. Figure 5 demonstrates the scale of that gap. Without LIHTC, developing a prototypical building with an income averaged 50% AMI would cost $727,000 per unit in direct project investments and rent and operating subsidies.



Note: For more information on assumptions, please see Appendix D. Financial Analysis Assumptions.

Rent and Operating Subsidies

Purpose

New or existing buildings with deep affordability may require additional ongoing payments in order to pay operating expenses and debt service payments.

Tool Definitions

Rent and operating subsidies can provide ongoing payments to pay for expenses such as utilities, maintenance, taxes, management, as well as debt service payments.

New Construction

Rent and operating subsidies can be provided to a new construction property for up to 15 years, with renewable terms allowed so long as that property has established affordability covenants.

Existing Properties

Rent or operating subsidies for existing properties may be eligible for PPO-Flexible funds based on the existing or new affordability covenants placed on the property. Such projects must receive LACAHSA technical assistance and approval prior to obligation. Assisting an existing property is eligible within the Flexible Production, Preservation, and Ownership category of PPO activities, as long as it is tied to the extension or deepening of affordability in the assisted units. Rent and operating subsidies may come in multiple forms, including, but not limited to tools described below.

Affordability Requirements

Rental subsidies—including project-based rental assistance, master leasing, and shallow rent subsidies—that provide direct rental assistance are limited to households at or below 30% of AMI.

Operating subsidies and capitalized operating subsidy reserves (COSR) that support a building's ongoing operations and are not tied to rental incomes, can be used for households at or below 80% of AMI.

Tool Descriptions

Project-Based Rental Assistance	Operating subsidy provided through a lease agreement to cover the rental payment gap between: • 30% of a resident's income, which resident pays to the lessor and, • fair market rent, or another target rent, which the lessor pays to the owner.
Master Lease	Master leasing is a housing strategy where an organization (such as a nonprofit or government agency) becomes the primary tenant by leasing homes within a building or an entire building from the owner. The master lessor then subleases these spaces to individuals who might otherwise face barriers to housing. Master leasing is eligible within the Flexible Production, Preservation, and Ownership category of PPO activities as long as it is tied to the extension or deepening of affordability in the master leased units.
Shallow Rent Subsidy	An ongoing monthly payment for a set share of units within a building to reduce the cost burden of lower income residents.
Operating Subsidies	Flexible operating subsidy provided for monthly debt service costs, operating expenses, tenant improvements, or temporary unit vacancy.
Capitalized Operating Subsidy Reserve (COSR)	Financial reserve created to cover eligible operating deficits, such as shortfall in rental income, operating expenses, or reserves for replacement contributions.

Opportunities and Constraints

- **Best for Deeply Affordable Units.** Operating subsidies are frequently needed for new construction and preservation of PSH projects and projects with a share of homes affordable to 30% and 50% of AMI.

- **Increased NOI Certainty.** Operating subsidies, depending on the time period agreed upon to provide funding, can increase the certainty that the building will have high enough net operating income to cover its debt obligations.

- **Reduced Lease-Up Risk.** Some rent and operating subsidies can help to remove lease-up timing risk, covering the rent of a home while it is vacant and getting households into homes faster. Rent and operating subsidies can also mitigate some risk associated with a building's ability to attract voucher holders.

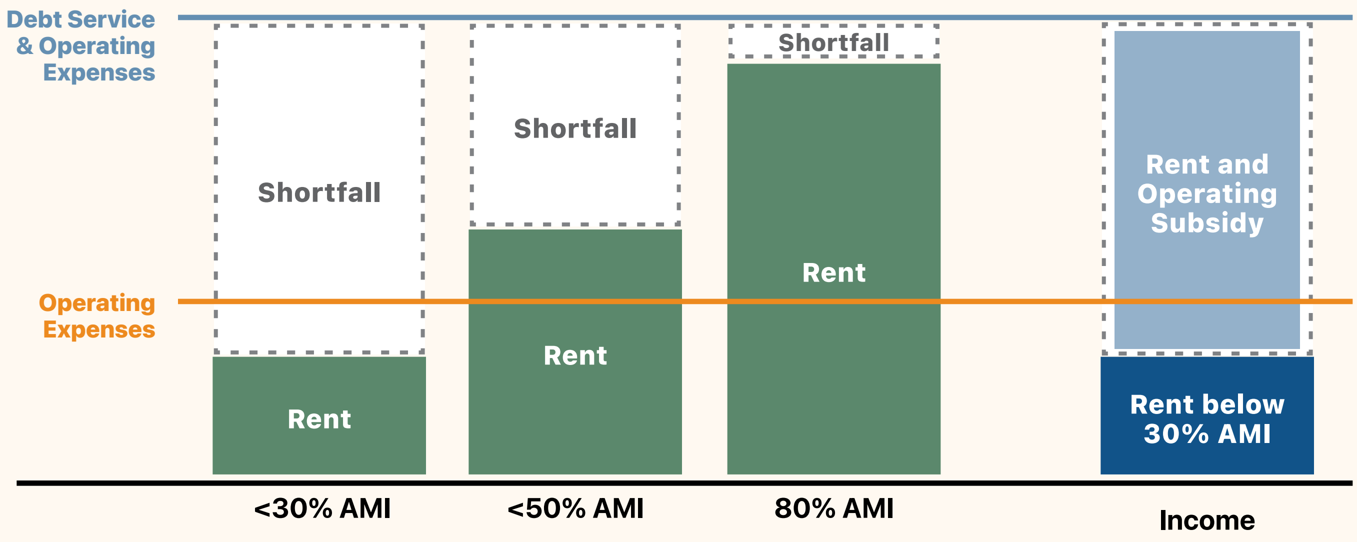
- **Large, Ongoing Investment.** Depending on the type of operating subsidy and how the contract is structured, operating subsidies may require a substantial annual investment. For permanent supportive housing, an even larger subsidy would be required.

- **Exit Assumptions.** For underwriting purposes, short 5-year rent and operating subsidies create voucher overhang risk for projects and create financing challenges in the long term. Longer term rent and operating subsidies (such as 10 to 15 years) may be considered to address financing challenges.

Image credit: Mayra Beltran Vasquez/ Los Angeles County

Figure 6. Illustrative Example: Rent Required to Cover Monthly Operating & Financing Expenses

Rent and operating subsidies may be necessary for a building to be able to pay its monthly operating expenses and service its debt. Figure 6 demonstrates how this shortfall varies depending on the AMI level of the home. In the case of a home with a rent limit of 30% of AMI, a rental and operating subsidy would be needed to both meet operating expenses and pay for ongoing debt service. The scale of this necessary subsidy decreases as the AMI level of the home increases. The final column on the right demonstrates how a rent and operating subsidy can help to fill this gap. Each home affordable to households at or below 50% of AMI requires an ongoing subsidy ranging from $4,700 to $19,000 per year.



Note: For more information on assumptions, please see Appendix D. Financial Analysis Assumptions.

LACAHSA Mortgage

Purpose

The LACAHSA Mortgage provides a one-stop-shop for developers to fund 65%-90% of development costs with low-interest, tax-exempt debt. The LACAHSA Mortgage is intended to reduce costs and development finance timelines, develop an avenue to finance affordable housing without LIHTC, and deploy Measure A revenue quickly.

Tool Definitions

The LACAHSA Mortgage is a financing tool to raise lower-cost capital through the bond market and provide tax-exempt debt financing for 100% affordable and mixed-income projects. There are two complementary financing tools that could be utilized to create this product—the A-Note and the B-Note with Guarantee—though these tools may also be used individually or in combination with other financing tools.

While the LACAHSA Mortgage is primarily intended as a countywide funding structure, there are partnership opportunities with Eligible Jurisdictions to further these deals. There may also be opportunities for further technical assistance from LACAHSA to support partnerships.

Tool Descriptions

A-Note	Senior, permanent debt with mandatory fixed monthly payments (hard-pay). The A-Note conforms to typical first mortgages for construction or permanent loans in structure with higher leverage and lower-cost due to its tax-exempt status.
B-Note with Guarantee	Subordinate, typically second position, permanent residual receipts loan with a guarantee from the lender that increases the ability to sell the bond to third-party investors at a low interest rate. The guarantee is a commitment that the lender will cover the difference between the payments made by the project and the coupon of the B-Note. It can take many forms such as a operating deficit reserve or a contingent loan. By guaranteeing the B-Note, the LACAHSA Mortgage becomes an asset that has the potential to be resold in the secondary market to further recycle LACAHSA funds for reinvestment.

Note: LACAHSA and/or Eligible Jurisdictions will need to work with bond counsel to ensure that projects qualify for tax-exempt bond financing and determine if the tax-exempt bond financing is exempt from the CA volume cap for private-activity bonds.

Opportunities and Constraints

- **Substantially Less Public Subsidy.** Compared to a typical LIHTC capital stack comprised of both LIHTC equity and various local government residual receipts loans, the LACAHSA Mortgage would not require tax credits. Residual receipts loans required for a LACAHSA Mortgage are comparable in scale to those required for LIHTC projects.

- **Cost Efficiencies.** The LACAHSA Mortgage reduces financing carrying costs and improves deal economics as the full funding capital stack originates from the public entity.

- **Time Efficiencies.** These tools may induce faster timelines from entitlements through construction with a reduced reliance on piecemeal local, state, and philanthropic funding sources. Reduces the complexity of the capital stack.

- **Pursues Avenue Outside of LIHTC.** The LACAHSA Mortgage reduces reliance on 4% LIHTC equity, which is limited by federally mandated state bond caps.

- **More Conducive for Social Housing.** LACAHSA's flexibility for projects that include 80% and 120% AMI homes allows for alternative ownership structures like social housing more than traditional LIHTC-financed projects and/or public housing.

- **Limited Deal Pipeline for New Funding Source.** There is a limited existing pipeline of non-LIHTC mixed income and affordable housing deals within Los Angeles County. A LACAHSA Mortgage will take time to be established as a reliable capital source for projects. Developers will be interested in successful examples prior to redesigning capital stacks and affordability mixes to align with the program.

- **Still Requires Operating Subsidies and Residual Receipts Loans.** In most scenarios, a residual receipts loan funded at initial financial closing is necessary to generate the financial return required by all financing sources. The residual receipts loan could be provided by LACAHSA from its retained funding or from Eligible Jurisdictions. Additionally, rent and operating subsidies, are necessary for homes below 50% AMI to generate sufficient net operating income for the property to meet its debt obligations. This product is not compatible with 100% Permanent Supportive Housing properties, given the need for extensive operating subsidies.

A-Note Specific Opportunities and Constraints

- **Other Existing Sources of A-Notes.** Similar senior debt products exist from California Housing Finance Agency and other private issuers with proven track records, particularly for LIHTC deals.[38]

- **Flexibility in Use Case.** A-Notes may be used as a construction-to-permanent loan for new construction or substantial rehabilitation, a permanent loan for NOAH preservation, or a forward commitment of a permanent loan for new construction or substantial rehabilitation. A-Note may be utilized across building typologies.

B-Note Specific Opportunities and Constraints

- **New Product in California.** While tested in other markets, the B-Note with guarantee is a new product not yet tested by the market. Servicing the full funding capital stack also brings potential additional risks.

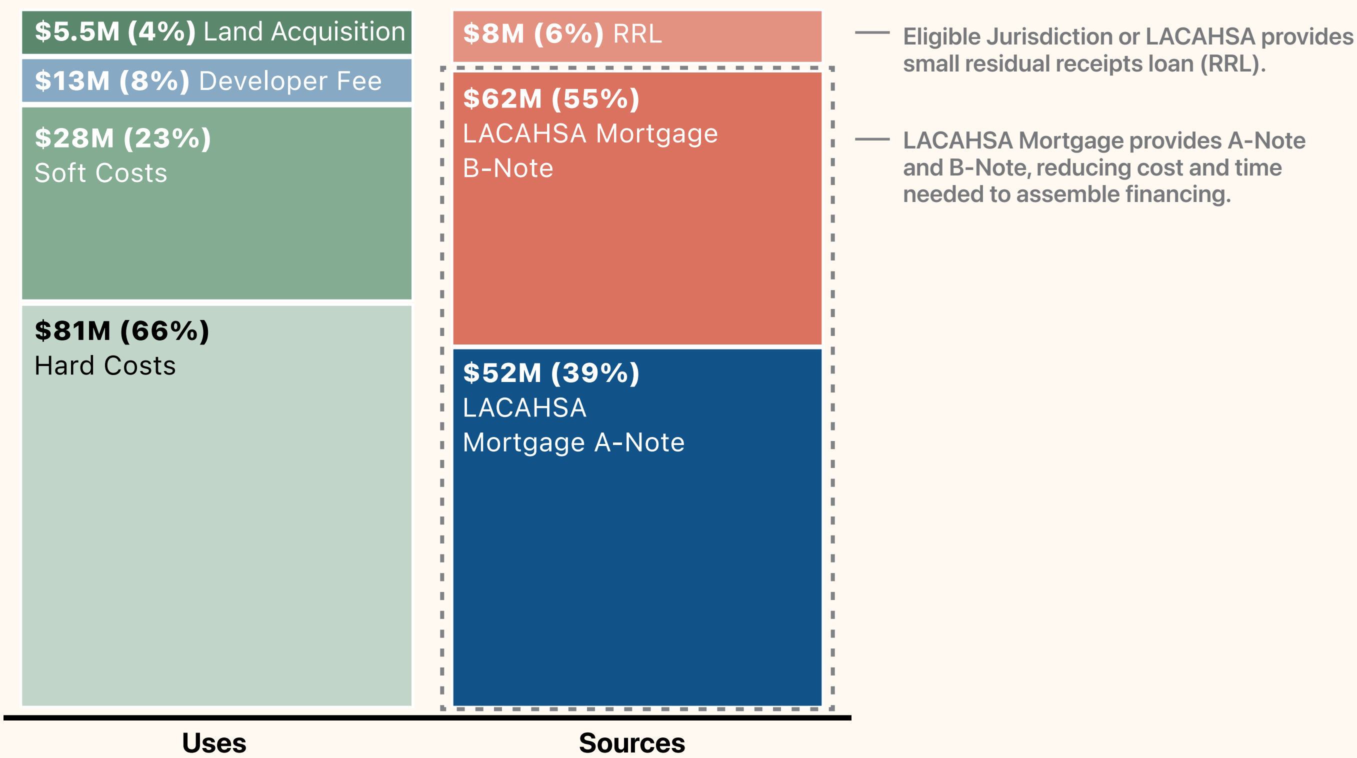
- **Usage.** B-Note with Guarantee primarily would be used for new construction. They may also be implemented as a forward commitment of soft-pay debt associated with new construction or soft-pay debt as part of recapitalization of existing affordable housing assets.

38 California Housing Finance Agency, Conduit Issuer Program. https://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf

Figure 7. Illustrative Example: LACAHSA Mortgage

Figure 7 provides an illustrative example of a LACAHSA Mortgage utilized to build a 200-unit, mid-rise, rental complex. The LACAHSA Mortgage includes an A-Note and a B-Note. In this example, the LACAHSA Mortgage also leverages rent and operating subsidies, in addition to a B-Note guarantee. While projects with a lower cost of development may not need additional subsidy, this illustrative example still requires an additional residual receipts loan to bridge the financing gap.

The project requires a one-time, upfront investment of $40,000 per unit in residual receipts loans and an average ongoing investment of $16,000 per unit.



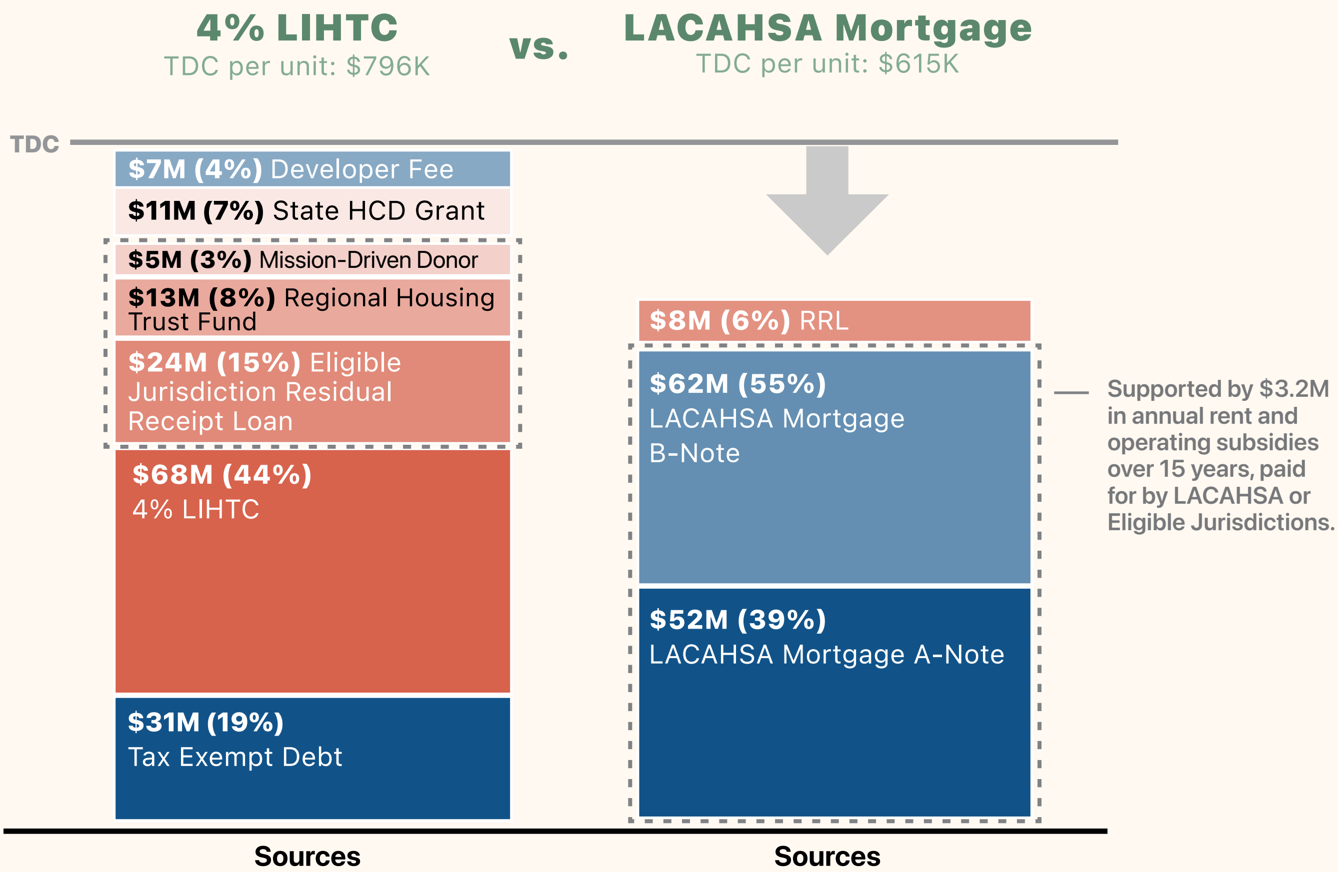
Key Assumptions

# of Units	200
Affordability Mix	10% @ 30%
	10% @ 50%
	80% @ 80%
Construction Type	Type V, Mid-Rise, New Construction
Total Development Cost	$123M
Total Development Cost per Unit	$615K

Note: For more information on assumptions, please see Appendix D. Financial Analysis Assumptions.

Figure 8. Illustrative Example: 4% LIHTC compared with LACAHSA Mortgage

Figure 8 highlights the differences between Figures 5 and 7. With the LACAHSA mortgage, LACAHSA can provide a single-source of locally controlled financing—reducing the number of sources required to fund a project and the per unit total development cost.



Note: For more information on assumptions, please see Appendix D. Financial Analysis Assumptions.

Impact Fund

Purpose

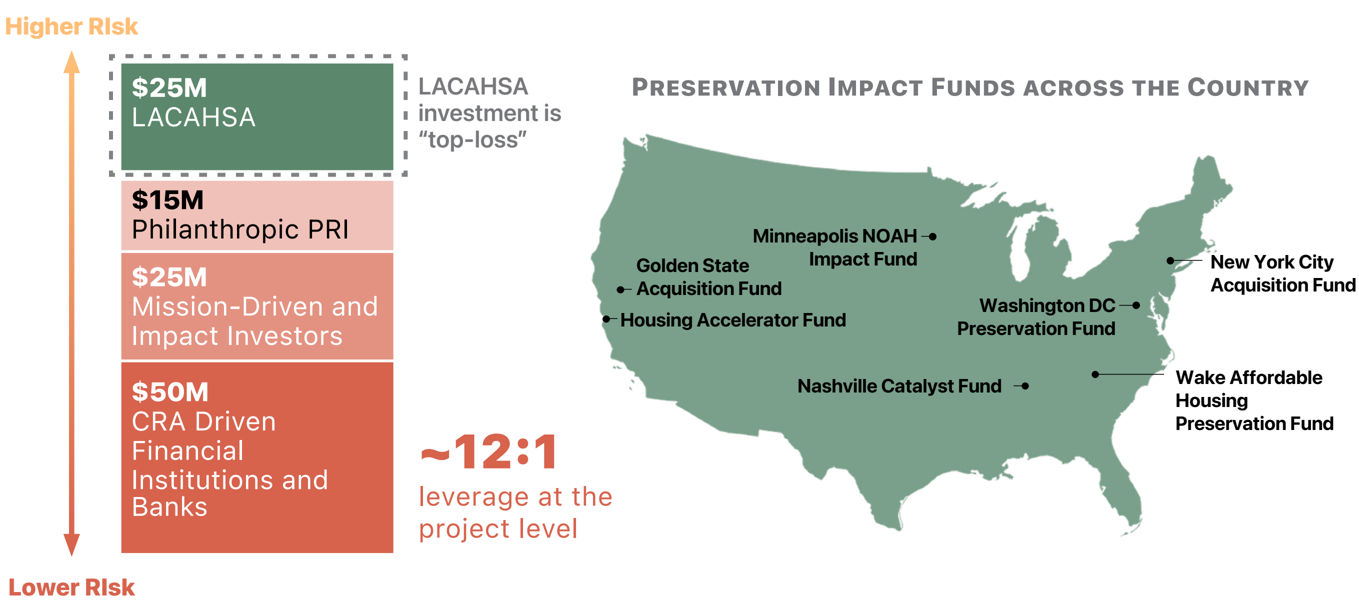
Impact funds are intended to leverage additional capital sources in conjunction with public funding to preserve existing subsidized affordable housing, acquire and preserve Naturally Occurring Affordable Housing (NOAH), and in the future, develop housing products at a faster and less costly pace.

Tool Definitions

Impact funds offer below-market financial terms and greater flexibility than typical financing by raising impact-driven investments. A public entity seeds a new impact fund serving as first-loss capital and attracting mission-driven capital sources including philanthropy through program-related investments (PRI) or Mission Related Investments (MRI), impact investors, and Community Reinvestment Act (CRA)-motivated financial institutions. The fund may be held by LACAHSA, an Eligible Jurisdiction, or by a qualified CDFI or other financial institution. The focus of the impact fund may be on preserving existing subsidized affordable housing, as well as acquiring and preserving Naturally Occurring Affordable Housing (NOAH). Eligible Jurisdictions can also elect to participate in a LACAHSA-led impact fund through investment of first-loss capital or provision of residual receipts loans to awarded projects.

Figure 9: Illustrative Fund Composition and Preservation Impact Fund Comparisons

Impact funds are tools used through the country to preserve housing affordability. Figure 9 highlights some of these example funds utilized for the acquisition and preservation of existing subsidized affordable housing and preservation of NOAH. On the left, the diagram depicts an illustrative example of how these precedent funds are structured. A public entity acts as first-loss capital, leveraging additional investments of varying risk levels. At a project level, there may be up to a 12:1 leverage ratio utilizing this additional lower-cost debt.



Tool Descriptions

Mini-Permanent Loan	Low-cost debt with mandatory fixed monthly payments (hard-pay) used to cover immediate acquisition and rehabilitation requirements for a medium term (less than 5 to 7 years).
Predevelopment / Acquisition Strike Loan	Low-cost debt that is available for costs associated with a project's acquisition (inclusive of land, or sites with existing structures) and predevelopment for a short term (1 to 5 years). Strike funds or acquisition funds allow affordable housing developers to compete with market-rate developers for preservation and development opportunities.

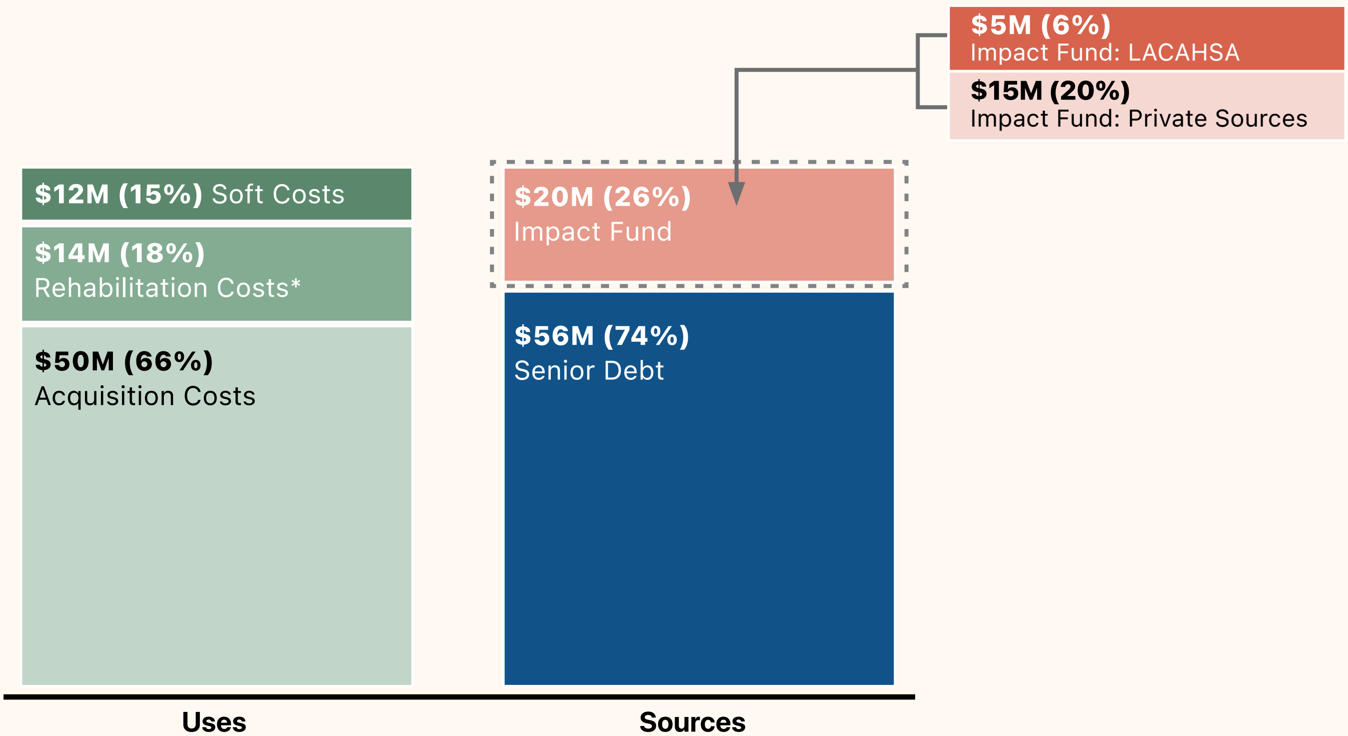
Opportunities and Constraints

- **Preservation of Existing Affordability.** An impact fund will primarily invest in the preservation of existing affordable homes, including:
  - subsidized affordable properties, such as recapitalization properties (e.g., existing PSH or master leased projects) or expiring affordability restrictions, and
  - acquisition and rehabilitation of NOAH or conversion of existing market-rate homes.
- **Leverage.** An impact fund structure creates opportunities to access additional capital markets by pairing low-cost capital from public entities with investments from mission-driven investors (philanthropy, CRA institutions, etc.). An initial investment from a public entity into the fund creates increased certainty of returns for mission-driven investors, drawing in additional capital that would not be available otherwise. The result is a lower share of funding required per unit when compared with a direct project investment.
- **Time Efficiencies.** An impact fund would allow faster deployment of capital compared to traditional public tools, making preservation of properties feasible.
- **Still Requires Operating Subsidies and Residual Receipts Loans.** In most scenarios, a residual receipts loan funded at initial financial closing is necessary to generate the financial return required by all financing sources. This is due to high financing and total development costs. Either Eligible Jurisdictions or LACAHSA, through its retained funding, could provide the residual receipts loan. Additionally, operating subsidies for homes below 50% AMI may be necessary to improve net operating income for some projects.
- **Deferred Maintenance Needs.** For some properties, the scale of capital improvements may qualify the project as substantial rehabilitation. In these scenarios, greater upfront capital expenditure will be required to improve the homes' quality up to minimum standards. Under SB 679, preservation projects involving substantial rehabilitation are considered new construction.
- **Limited Share of Capital Stack.** When projects already have a high-leverage first mortgage, there is little cash flow available to support additional debt.
- **Limited Investment Term.** Most impact funds provide bridge capital during the initial investment and renovation period for preservation products. Refinancing at the end of the term may pose a challenge for deeply affordable projects.

Figure 10. Illustrative Example: Impact Fund Investment

Figure 10 provides an illustrative example of an affordable housing acquisition and rehabilitation project financed by an Impact Fund investment. In this example, the total cost of development is $380,000 per unit—typical of a moderate rehab in LA County. Although most of the project can be financed with traditional debt, the $20 million Impact Fund investment bridges the financing gap, allowing the project to provide deeper levels of affordability. The $5 million investment from LACAHSA serves as "top-loss" money, to secure the $15 million investment from private sources.

The project requires a one-time investment of $100,000 per unit in residual receipt loans—funded by both LACAHSA and its Impact Fund partners. Each home affordable to households at or below 50% of AMI also requires an ongoing subsidy ranging from $4,700 to $19,000 per year. Overtime, additional investments will be needed to cover capital investments.



This is a moderate level of rehab, over the longer-term additional investment capital improvements will be needed.

Key Assumptions

# of Units	200
Affordability Mix	100% @ 50%
Construction Type	Acquisition and Substantial Rehab, Mid-Rise
Total Development Cost	$76M
Total Development Cost per Unit	$380K

Note: For more information on assumptions, please see Appendix D. Financial Analysis Assumptions.

Ownership Products

Purpose

Ownership products aim to create opportunities for affordable homeownership and wealth building by bolstering shared equity ownership opportunities, buying down interest rates, down-payment assistance, foreclosure prevention, and increasing access to credit and/or purchase capacity for low- to moderate-income households.

Ownership products include a variety of financing structures to improve the affordability of existing ownership opportunities or to increase the production or preservation of affordable homeownership opportunities.

Tool Descriptions

Community Land Trust Investment	Community Land Trusts retain ownership of the underlying land and allow owners to only purchase the home. Investments in Community Land Trusts may include, but are not limited to, loan products for households to purchase homes through a community land trust, interest rate subsidies, ownership by Community Land Trusts, or direct investments into Community Land Trust organizations.
Limited or Shared Equity Cooperatives Investment	Limited Equity Cooperatives (LECs) and Shared Equity Cooperatives (SECs) provide opportunities for households to purchase a share of a development as opposed to an individual home. Price growth is restricted based on a formula for equity growth, and shares in the building can be resold at prices that ensure continued affordability and modest equity growth. Investments in LECs and SECs may include, but are not limited to, construction subsidies or low-interest financing, through the provision of loan products for residents to own shares in a cooperative housing corporation.
Interest Rate Subsidy	Capital to reduce the upfront cost of homeownership through a payment on a portion of interest owed.
Soft Second Mortgages	Capital to reduce the upfront cost of homeownership through a permanent loan, forgivable over a specific period of time, for income-qualified households to cover a portion of the down payment and/or closing costs for a home.
Foreclosure Assistance	Programs, services, or resources designed to help homeowners who are at risk of losing their homes due to missed mortgage payments. Foreclosure assistance may include, but is not limited to, loan modification, emergency financial aid, or temporary mortgage assistance.
Affordable Homeownership Products Financing	Loans for the construction or preservation of existing affordable accessory dwelling units (ADUs), mobile homes or manufactured homes, or other affordable homeownership products.

Opportunities and Constraints

- **Wealth Building for Low-and-Moderate Income Households.** Homeownership can provide a pathway to generational wealth, particularly for groups historically excluded from homeownership markets.

- **Expanding Pathways to Ownership.** Ownership products can be paired with Tenant Opportunity to Purchase (TOPA) and Community Opportunity to Purchase (COPA) policies to provide tenants and/or qualified purchasers the opportunity of the Right of First Offer and/or Right of First Refusal to potentially purchase their homes. A qualified purchaser could include a nonprofit, affordable housing developer, cooperative corporation controlled by a majority of residents, a limited equity co-op, or community land trust.

- **Ability to Target Variety of Housing Typologies.** Ownership products may support a variety of entry level homeownership opportunities. This may include:

  - existing shared equity building typologies;

  - new construction affordable homeownership opportunities, such as condos, accessory dwelling units (ADUs), townhomes, mobile homes, or single-family homes;

  - Preservation of existing affordable homeownership products, such as existing Below-Market-Rate (BMR) units.

- **Resource Intensive.** While allowable under the LACAHSA Act, these products require significant investments of capital to support a relatively small number of homes or households. The scale of resource intensity may make some ownership products incompatible with reaching LACAHSA's goals.

Renter Protection & Homelessness Prevention (RPHP)

Allocations

In FY 2025-26, 30% of the LACAHSA budget will be dedicated to Renter Protection and Homelessness Prevention (RPHP)—$114.8 million. As mandated in the LACAHSA Act, this funding is designed to help "renters of lower income households" (0-80% AMI) and eligible uses can include, but are not limited to:

> "*(i) Pre-eviction and eviction legal services, counseling, advice and consultation, training, renter education and representation, and services to improve habitability that protect against displacement of tenants.*
>
> *(ii) Providing rental assistance for lower-income households. Rental assistance shall be provided to a specific household for a reasonable amount of time not to exceed six months, and shall be paired with supportive services, such as eviction prevention and defense, to the greatest extent possible.*
>
> *(iii) Providing relocation assistance for lower income households beyond what is legally required of landlords according to local or state law.*"[39]

The distribution of RPHP funds by jurisdiction is presented in Table 12 below.

Table 12. Estimated LACAHSA Funding for Renter Protection and Homelessness Prevention by Jurisdiction

	Agency	Total for RPHP	% of RPHP Total	% of LACAHSA Total
1	LACAHSA *(including small cities TA)*	$34,449,643	30.0%	9.00%
2	Burbank-Glendale-Pasadena Regional Housing Trust	$2,137,002	1.9%	0.56%
3	City of Glendale	$2,105,698	1.8%	0.55%
4	City of Long Beach	$4,646,518	4.0%	1.21%
5	City of Los Angeles	$39,560,271	34.5%	10.34%
6	City of Santa Clarita	$886,244	0.8%	0.23%
7	Gateway Cities Council of Governments/ Gateway Cities Affordable Housing Trust	$8,102,103	7.1%	2.12%
8	Las Virgenes/Malibu Council of Governments	$166,605	0.1%	0.04%
9	North Los Angeles County Transportation Coalition JPA	$2,142,219	1.9%	0.56%
10	San Fernando Valley Council of Governments	$146,780	0.1%	0.04%
11	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	$8,172,640	7.1%	2.14%
12	South Bay Cities Council of Governments South Bay Regional Housing Trust	$4,886,096	4.3%	1.28%
13	Unincorporated Los Angeles County	$5,312,453	4.6%	1.39%
14	Westside Cities Council of Governments	$2,117,872	1.8%	0.55%
	TOTAL	**$114,832,143**	**100.0%**	**30.00%**

39 https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB 679

Statutory Requirements

LACAHSA's establishing legislation mandates protection of renters from housing instability, displacement, and homelessness. Therefore, LACAHSA encourages the flexible use of funds that support housing stability within the following statutory requirements established by the LACAHSA Act:

- RPHP funds must be used for low-income renters with a household income between 0% and 80% of Area Median Income (AMI).[40]
- RPHP funds cannot fund support services for individuals experiencing homelessness.[41]
- Rental assistance cannot exceed six months and should be paired with supportive services.

LACAHSA may adopt policies and guidelines to further implement and interpret the requirements of the Act. For example, LACAHSA will develop and adopt a formal definition of "renter" in the forthcoming program guidelines.

LACAHSA's Unique Role in Renter Protection and Homelessness Prevention

As a regional organization, LACAHSA has the unique ability to develop an integrated approach to renter protection and homelessness prevention throughout Los Angeles County in order to maximize limited resources, improve equitable access to services, and ensure effective outcomes in reducing homelessness. Critical performance improvements include:

- Making access to services consistent for households across the region;
- Facilitating more efficient referrals and resource coordination;
- Targeting resources to households most likely to become homeless or experience housing instability without assistance;
- Promoting regional alignment and reducing duplication; and
- Enabling consistent data collection to support program evaluation and equity analyses.

To support this approach across the region, LACAHSA will develop an RPHP Integrated Service Model and provide the option for Eligible Jurisdictions to participate or opt-in to this model.

This Integrated Service Model will build on and enhance coordination between existing RPHP programs to deliver standardized, comprehensive RPHP services throughout Los Angeles County. It will be a networked model with shared tools and administrative functions as well as streamlined contracting, reporting, and compliance. The Integrated Service Model will be designed in collaboration with participating Eligible Jurisdictions and administered by LACAHSA.

For Eligible Jurisdictions that choose to participate or opt-in to the Integrated Service Model, LACAHSA will provide a 15% funding match to expand service levels within the Eligible Jurisdiction and support the Eligible Jurisdiction's participation in collaborative planning and evaluation activities.

Additionally, a portion of LACAHSA Technical Assistance funds will be dedicated to support the development of this Integrated Service Model, including providing funding for planning, collaboration, evaluation, and infrastructure to enable integration and effective service delivery.

40 As defined in Section 50053 of the California Health and Safety Code.

41 As specified in Government Code section 64710.

The Integrated Service Model will include a combination of all eligible RPHP uses:

- Marketing, Assessment, Eligibility, and Referral
- Legal Services and Renter Education
- Emergency Rental Assistance
- Flexible Financial Assistance
- Short-Term Income Support

As the Integrated Service Model develops, LACAHSA will make every effort to coordinate with non-LACAHSA funded RPHP programs throughout the county and use the infrastructure of the Integrated Service Model to support systemwide integration.

In the future, Eligible Jurisdictions and other countywide stakeholders may contribute additional resources to the Integrated Service Model or align other non-LACAHSA funded services with the Integrated Service Model. For example, if an Eligible Jurisdiction operates an existing prevention program and would like to bring it under the "umbrella" of the Integrated Service Model, it may do so and use the shared tools and systems developed for the Integrated Service Model.

Participation in the Integrated Service Model will include technical assistance and capacity building support for collaborative planning and evaluation activities such as:

- Participating Eligible Jurisdictions can provide guidance to LACAHSA on specific needs within their jurisdiction and the corresponding distribution of resources across the RPHP eligible uses
- Stakeholder engagement to solicit feedback on the design and operation of countywide, integrated approach

Image credit: Michael Owen Baker

- Development of potential models for countywide approaches and shared tools to support integration
- Identification of streamlined approaches to contracting and compliance
- Development of shared data and administrative systems, such as standardized data collection and screening tools and/or shared administrative services such as fiscal agent services
- System evaluation activities to review performance
- Countywide learning collaboratives or other stakeholder engagement activities to share data and best practices and support continuous improvement

Overview of Eligible Uses

The following outlines five eligible uses of RPHP funds: marketing, assessment, eligibility, and referral; legal services and renter education; emergency rental assistance, flexible financial assistance, and short-term income support. Eligible Jurisdictions may provide services directly, through partnerships with contracted service providers, and in partnership with LACAHSA and other eligible jurisdictions on countywide or regional initiatives. As needed, inquiries regarding eligible additional uses for RPHP funding may be raised to the LACAHSA's Chief Programs Officer for assistance and consideration.

Table 13. Eligible Uses for Renter Protection and Homelessness Prevention

Overview of Tools	
Marketing, Assessment, Eligibility, and Referral	Marketing, Assessment, Eligibility and Referral identifies households at risk of losing their housing, assesses their needs, determines their eligibility for assistance, and connects them directly with RPHP resources. and support to avoid homelessness.
Legal Services and Renter Education	Legal Services and Renter Education offers legal representation, advocacy, outreach, and education to households at risk of losing their housing.
Emergency Rental Assistance	Emergency Rental Assistance provides financial assistance for rental expenses to support the stabilization of households at risk of losing their housing.
Flexible Financial Assistance	Flexible Financial Assistance provides an array of financial assistance for households at risk of losing their housing.
Short-Term Income Support	Short-Term Income Support involves providing income assistance for households at risk of losing their housing.

Examples of Existing Programs

Bay Area, CA: Integrated Service Model

Keep People Housed (also known as the Bay Area's Regional Homelessness Prevention initiative) is an example of an integrated service model that provides flexible financial assistance, legal assistance, and housing stabilization services to households at risk of becoming homeless in an accessible and standard way across the Bay Area region. Keep People Housed uses a technology platform that offers a public-facing, web-based application; standard eligibility and prioritization tools; document collection uploading, and functionality for case management services and financial management. Building toward regional coverage, Keep People Housed is now available in four communities—City of Oakland, Contra Costa County, Solano County, and Sonoma County—and the integrated service model has provided assistance to more than 24,000 households across the region.

Long Beach, CA: Tenant Right to Counsel Program

The City of Long Beach's Tenant Right to Counsel program is a partnership with Stay Housed LA. Stay Housed LA is a partnership between Los Angeles County, the City of Los Angeles, and local community and legal service providers.

The program offers free legal representation to qualified tenants facing eviction in Long Beach, including limited scope and full scope representation. The program also provides tenant education workshops and legal clinics.

Los Angeles, CA: Short-Term Emergency Assistance

The City of Los Angeles' Short-Term Emergency Assistance program seeks to prevent homelessness by ensuring that short-term emergency rental assistance is available to tenants who are experiencing or have recently experienced an economic hardship. The program is currently administered by City staff.

The program is designed to provide emergency rental assistance equal to a maximum of six months of rent, either arrears or prospective, to landlords on behalf of low-income tenant applicants. Applicants must submit requested materials to determine eligibility.

Santa Monica, CA: Preserving Our Diversity

The Preserving Our Diversity program is cash-based assistance to low-income, long-term Santa Monica residents in rent-controlled apartments in Santa Monica. The program is currently administered by City staff.

The program is designed to achieve a minimum monthly after-rent income of $986 for a one-person household or $1,724 for a two-person household. Applicants must submit requested materials to determine eligibility.

Although Preserving Our Diversity is an ongoing program, any financial assistance programs funded by LACAHSA must limit support to a maximum of six months.

Technical Assistance (TA)

Allocations

In FY 2025-26, 5% of the LACAHSA budget will be dedicated to Technical Assistance (TA) programs—$19.1 million. As mandated in the LACAHSA Act, Technical Assistance includes research and policy development and eligible uses include, but are not limited to:

> *"(A) Collecting and tracking information related to displacement and displacement risk, rents, and evictions in the region.*
>
> *(B) Drafting model affordable housing land use ordinances that may be adopted by any jurisdiction in Los Angeles County."*[42]

The LACAHSA Act also requires that the Agency a) set aside programmatic funds specifically to provide technical assistance to cities with a population under 50,000 and b) create a bench of consultants able to provide technical assistance to those cities. The distribution of TA funds by jurisdiction is presented in Table 14 below.

Table 14. Estimated LACAHSA Funding for Technical Assistance by Jurisdiction

	Agency	Total for TA	% of TA Total	% of LACAHSA Total
1	LACAHSA *(including small cities TA)*	$5,741,607	30.0%	1.50%
2	Burbank-Glendale-Pasadena Regional Housing Trust	$356,167	1.9%	0.09%
3	City of Glendale	$350,950	1.8%	0.09%
4	City of Long Beach	$774,420	4.0%	0.20%
5	City of Los Angeles	$6,593,378	34.5%	1.72%
6	City of Santa Clarita	$147,707	0.8%	0.04%
7	Gateway Cities Council of Governments/ Gateway Cities Affordable Housing Trust	$1,350,350	7.1%	0.35%
8	Las Virgenes/Malibu Council of Governments	$27,768	0.1%	0.01%
9	North Los Angeles County Transportation Coalition JPA	$357,037	1.9%	0.09%
10	San Fernando Valley Council of Governments	$24,463	0.1%	0.01%
11	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	$1,362,107	7.1%	0.36%
12	South Bay Cities Council of Governments South Bay Regional Housing Trust	$814,349	4.3%	0.21%
13	Unincorporated Los Angeles County	$885,409	4.6%	0.23%
14	Westside Cities Council of Governments	$352,979	1.8%	0.09%
	TOTAL	**$19,138,690**	**100%**	**5.0%**

42 https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB 679

Overview of Eligible Uses

The following descriptions identify four eligible uses of TA funds. For each type, Eligible Jurisdictions may provide services directly or through partnerships with contracted service providers. If an Eligible Jurisdiction wants to allocate LACAHSA funds to a use that has not been preapproved in the Expenditure Plan and Program Guidelines, the Eligible Jurisdiction may submit its proposed use to LACAHSA in a funding request. The funding request should include a summary of the proposed activity and how it aligns with Measure A and the Act. The request will be submitted to the LACAHSA Board or a committee established by the Board for consideration and approval. The Board or its designee will determine whether the proposed use is eligible and whether it will require an amendment to the Expenditure Plan.

Table 15. Eligible Uses for Technical Assistance

Overview of Tools	
Local Agency Technical Assistance Grants	LACAHSA will administer a Local Agency Technical Assistance grant that will allow Eligible Jurisdictions and their member jurisdictions to directly apply for technical assistance funds. LACAHSA will also administer a Local Agency Technical Assistance grant that will allow cities with populations under 50,000 to directly apply for technical assistance funds.
Direct Technical Assistance Programming	LACAHSA and Eligible Jurisdictions may provide direct technical assistance programming for Eligible Jurisdictions and their member jurisdictions to engage in coordination and capacity building. Eligible programming can include technical workshops, training sessions, education on best practices, and regulatory compliance support. Capacity building programs may also include investing in training for service providers, affordable housing developers, and other program delivery partners, who made need upskilling to fully participate.
Program Design, Administration, Monitoring, & Evaluation	LACAHSA and Eligible Jurisdictions may use Technical Assistance funds to develop internal staff capacity and administrative infrastructure required to design, operate, monitor, and evaluate related programs.
Professional Services Support	LACAHSA and Eligible Jurisdictions may use Technical Assistance funds to contract additional consultant services related to policy development and implementation, monitoring, and evaluation.

Local Agency Technical Assistance Grants

LACAHSA will administer a Local Agency Technical Assistance grant program that will allow Eligible Jurisdictions and their member jurisdictions to directly apply for technical assistance funds. The grants could be used to bolster an Eligible Jurisdiction's current allocation of TA funds or provide direct funding to member cities and their Housing or Community Development Departments.

As mandated by the LACAHSA Act, LACAHSA will also administer a Local Agency Technical Assistance grant program that will allow cities with populations under 50,000 to directly apply for technical assistance funds. The grants will provide direct funding to member cities and their Housing or Community Development Departments. Funding could also flow through Councils of Government or Housing Trusts.

Program Design Considerations:

- Cadence: Will LACAHSA administer a notice of funding availability on an annual or biannual basis or accept applications on a rolling or open basis?
- Prioritization: How will LACAHSA evaluate grant proposals to prioritize uses that advance its goals?
- Award Size: What is the maximum award size to enable effective use of the funds, while promoting fair access?

Direct Technical Assistance Programming

LACAHSA and Eligible Jurisdictions may provide direct technical assistance programming for Eligible Jurisdictions and their member jurisdictions to engage in coordination and capacity building. Eligible programs can include technical workshops, training sessions, education on best practices, and regulatory compliance support. LACAHSA may hire dedicated staff to lead programming and coordination efforts and/or engage with outside experts including academics, practitioners, and third-party consultants. Capacity building programs may also include investing in training for service providers, affordable housing developers, and other program delivery partners, who made need upskilling to fully participate.

Eligible uses include but are not limited to:

- Full-time staff dedicated to regional coordination, such as an Ombuds role; and
- Training and capacity building workshops for Eligible Jurisdictions related to core services including Notice of Funding Availability (NOFA) administration, loan underwriting, risk analysis, and asset management.
- Training for service providers, affordable housing developers, or other program delivery partners who made need upskilling to fully participate.

Program Design, Administration, Evaluation, & Monitoring

LACAHSA and Eligible Jurisdictions may use Technical Assistance funds to develop internal staff capacity and administrative infrastructure required to design, operate, monitor, and evaluate related programs. Programming may be provided by agency staff, third-party experts, and/or consultants.

Eligible uses include but are not limited to:

- Dedicated staff for policy analysis, program development and administration, monitoring, and/or evaluation;
- IT infrastructure, data, and software subscriptions necessary for research, policy analysis, program administration, monitoring and evaluation; and
- Staff attendance at conferences, workshops, or educations training programs focused on program-related technical skills.

Additional allowances for administrative and direct costs for programs implemented by Eligible Jurisdictions will be established and adopted by the Board in LACAHSA's Program Guidelines.

Professional Services Support

LACAHSA and Eligible Jurisdictions may use Technical Assistance funds to contract additional professional services related to policy design and implementation, monitoring, and evaluation.

Eligible uses include but are not limited to:

- Program design and NOFA Administration;
- Real estate and land acquisition support;
- Underwriting, closing, and asset management support;
- Program monitoring, auditing, and evaluation;
- Legal counsel;
- Data and policy analysis;
- Public outreach and engagement; and
- Accounting and financial management.

Program Design Considerations:

- Procurement: How might the Agency design 'piggybacking' contract opportunities to reduce barriers to contracting? What procurement regulations, if any, would LACAHSA require for Eligible Jurisdictions?

03 Agency Core Capacities

Agency Core Capacities

Image credit: Mayra Beltran Vasquez/ Los Angeles County

LACAHSA is a first-of-its-kind agency with an ambitious mandate, facing a complex regulatory context and challenging market conditions. LACAHSA will serve at times as a lender, an investor, a grantor, a financial guarantor, an asset manager, a compliance monitor, a technical assistance provider, and a regional coordinator, among other roles. Some of these roles—compliance monitor, lender, technical assistance provider—regularly exist in high-performing housing agencies. Other roles, such as financial guarantor, involve financial savvy essential to managing the Agency's balance sheet, cash flow, and liquidity to enable access to the bond market. These technical skills are highly specialized and will require bringing in talent with finance or banking backgrounds. The agency will also be responsible for managing and stewarding public money, an enormous responsibility requiring the highest level of accountability and transparency.

LACAHSA will play a unique role as a public agency that leverages private and institutional finance mechanisms and funding sources, through the innovative financing programs described in Section 2 of this Expenditure Plan and Agency Strategy. The Agency will therefore require top-tier talent with expertise that exceeds housing policy knowledge into, for example, direct project underwriting and development experience. LACAHSA leadership will need to be able to think creatively and establish a culture of innovation in the Agency. In some cases, LACAHSA will be able to outsource capacities to third-party contractors, consultants, or other public agencies or partners. Securing staff and consultants with strong backgrounds in investment banking, debt issuance, and transactions will be key to LACAHSA's success. LACAHSA will need competitive salaries and comprehensive benefit packages to attract top talent, including living wages for entry-level positions.

Core Capacities

To be effective, LACAHSA needs to develop the following core capacities that will enable it to work effectively with developers, investors, service providers, and public agencies.

Project-Level Financing

LACAHSA will source, prioritize, underwrite, and close affordable housing deals with complex structures and multiple funding mechanisms. The Agency's investments will go beyond standard residual receipts loans and will require creativity and strong financial analysis capabilities.

- **Residual Receipts:** Standard gap financing in California is through residual receipts loans, which are straightforward and do not require underwriting repayment risk.

- **Hard-Pay:** In many cases LACAHSA loans may be hard pay, and many involve some form of financial guarantee. As a result, it will require more robust and thorough underwriting than the residual receipts loans most local governments originate for LIHTC projects. Staff or consultants with affordable housing underwriting experience will be imperative.

Asset and Portfolio Management

LACAHSA will manage a diverse portfolio of investments and liabilities that need continual monitoring and coordination. The Agency will also need to oversee the management of a large portfolio of physical real estate assets, including monitoring lease up and long-term occupancy, eligibility determinations, ongoing compliance, and operating costs. Successfully managing LACAHSA's physical and financial assets will require staff, consultants, or contracted partners with experience in targeting both economic returns and social metrics (such as renters housed), as well as expertise in financial and programmatic compliance.

Capital Markets and Cashflow Management

To effectively utilize its bonding powers, LACAHSA will raise private capital, manage bond cash flows, develop securitization strategies, manage guarantee risk, and place loans on the secondary market. Operating subsidies, guarantees on B-Note bonds and other financial tools will require monitoring existing cashflow and managing cashflow over multiple years to meet LACHASA's financial commitments regardless of market circumstances.

LACAHSA will only be successful in securing low-cost capital from the bond market for affordable housing if investors and bond underwriters have a high degree of confidence in the capacity of LACAHSA's team to manage cashflows from Measure A and other sources to meet financial commitments. LACAHSA will need staff and consultants with experience in managing cashflow commitments at a fund or institutional level and extensive experience accessing bond markets for mortgage revenue bonds and similar products. At a minimum, to receive a credit rating and access the HUD/California Housing Finance Agency risk share program, LACAHSA must have at least two key staff positions with five years of lending experience.[43]

Program and Policy Management

To implement its Renter Protection and Technical Assistance programs, LACAHSA will design program guidelines, solicit service providers, execute programs, and manage contracts on a highly accelerated timeline. LACAHSA will also need to evaluate and monitor the effectiveness of its programs across both the Agency and Eligible Jurisdictions to reduce redundancy and improve service quality—improving coordination across agencies and advocating for policy improvements where needed. Designing and managing these programs will require staff who bring deep familiarity with existing housing policies and programs, an ability to think creatively to generate innovative ideas, and an eye for systems improvements across large-scale public sector programming.

Compliance and Risk Management

LACAHSA will manage regulatory compliance across multiple jurisdictions, meeting the highest standards of transparency and accountability. Compliance includes internal auditing, reporting, and oversight over LACAHSA's full portfolio of transactions, including preparing annual reports as required by state and local law. LACAHSA will also be monitored by a Citizen Oversight Committee. To ensure transparency and accountability, the Agency will need senior leadership with significant experience in public-sector compliance and oversight, coupled with a deep understanding of housing programs and policy.

43 24 CFR 266.100 Qualified Housing Finance Agency (HFA): https://www.ecfr.gov/current/title-24/section-266.100

Operations

To support the functions described above, LACAHSA will need robust internal operations, including finance and accounting, general counsel, contract management, human resources, and IT. Staff, consultants, or contracted partners will need to understand the complexity of public-sector operations while operating at the speed of private sector partners. Critically, the Agency must quickly and efficiently execute MOUs and distribute money to the various Eligible Jurisdictions—who will rely on transparent and efficient LACAHSA operations in order to plan and execute their own programs—while also establishing the infrastructure needed to hold each Eligible Jurisdiction accountable for its use of LACAHSA funds.

Image credit: LACAHSA

Case Studies

Because of LACAHSA's unique structure and mandate, there are no perfect peers; however, several public and quasi-public entities offer insight into how some of these functions can be efficiently delivered. The following case studies exemplify some of the core capacities described above.

New York City Housing Development Corporation

Attracting talent with extensive banking backgrounds allows NYC HDC to access the bond market and deploy lower cost financing to affordable and mixed-income development.

Overview

New York City Housing Development Corporation (HDC) is the top issuer of multi-family housing bonds in the nation, issuing $2.3 billion in bonds and other debt obligations in 2024 to close on the financing for more than 27,000 homes. HDC's primary bond fund is rated AA+, and the agency is rated AA.[44]

HDC can invest in housing for a broad range of income levels, enabling the portfolio to generate operating profits that make the entity sustainable. Its bond funds have also grown substantially over time, as HDC refinanced outstanding bonds at lower interest rates.[45] HDC reinvests these surpluses into future developments, growing its portfolio and available financing year over year.

While the scale of HDC's financing capabilities will take time to replicate, LACAHSA can learn from HDC's strategy of hiring top finance talent to build landmark programs.

Core Capacities

●	**Project-Level Financing**	**Hard-Pay:** HDC's Development team underwrites loans for repayment risk and negotiates terms to maximize the public benefit. **Residual Receipts Loans:** HDC's financing often supports underwriting for RRL from other public funders to streamline the process and maximize leverage.
●	**Asset and Portfolio Management**	HDC's Asset Management team works closely with developers and property management partners to manage financial and physical assets.
●	**Capital Markets and Cashflow Management**	HDC's Finance team manages bond transactions and portfolio performance.
○	**Policy and Program Management**	HDC works closely with NYC's Housing and Preservation Department, which offers policy and Program Management. HDC itself does not offer program management at the scale or level of sophistication that LACAHSA will.
●	**Compliance and Risk Management**	HDC has an internal Chief Risk Officer and General Counsel's Office.

44 https://www.nychdc.com/invest

45 https://2023annual.nychdc.com/

Staff & Organizational Structure

HDC's core teams are divided into three divisions: 1) Capital Markets and Investments, 2) Development, and 3) Asset Management.[46]

1. **Capital Markets & Investments**

   LACAHSA Core Capacity: Capital Markets and Cashflow Management

   In addition to more standard finance functions, HDC's Capital Markets team manages its bond portfolio and monitors the performance of HDC's Open Resolution and other bond resolutions to ensure they are properly leveraged and continue to generate surplus. The team is run by an Executive Vice President and a Senior Vice President with a combined 55+ years of experience in capital markets, debt issuance, housing transactions, and investment banking. HDC requires both a strong balance sheet and a highly experienced team to secure its high credit rating, and access programs like FHA Risk-Share which allow access to very low-cost financing for affordable housing.

2. **Development**

   LACAHSA Core Capacity: Project-Level Financing

   HDC's Development team underwrites loans to support new construction of affordable housing and preservation of existing affordable housing. Unlike lending with residual receipts loans which do not require regular payments and are not expected to be repaid, HDC underwrites hard-pay loans for repayment, closely evaluating project- and sponsor-level financial risk. The Public Housing team works closely with the New York City Housing Authority (NYCHA) to stabilize funding for public housing and provide essential capital repairs to buildings. The Senior Vice Presidents who run each function have more traditional backgrounds in multifamily housing finance, including experience working for nonprofit developers, lenders, and public agencies.

3. **Asset Management**

   LACAHSA Core Capacity: Asset and Portfolio Management

   HDC's Portfolio Analysis team monitors the financial and physical performance of the agency's portfolio and offers underwriting solutions for projects in need of restructuring. The Compliance team is responsible for lease-up and eligibility review, as well as IRS-required monitoring for projects with tax credits and tax-exempt bonds. The Senior Vice President of Asset Management has almost 20 years of asset management and compliance experience.

Other teams include HR, government affairs, communications, and policy & analytics. HDC also has its own General Counsel and Chief Risk Officer.

Salary Ranges

Title	Background	Salary Range[47]
Portfolio Analyst	BA + 2 years	$68-$74K
Asset Management Director	BA + 5 years	$100-$115K
Assistant Vice President	10+ years	$120-$130K
Senior Vice President	10+ years including management	$200K+
Executive Vice President	15+ years including management	$230K+

46 https://www.nychdc.com/meet-hdc#people-section

47 Salaries were sourced from publicly available job postings as of 5/2/2025, via the NYCHDC website: https://www.nychdc.com/careers.

New York City Economic Development Corporation

An independent board comprised of industry experts allows EDC to make informed and efficient investment decisions.

Overview

New York City Economic Development Corporation (NYCEDC), a quasi-public entity that serves as the official economic development organization for NYC, induced almost $1.5 billion in private investment in 2024 and supported 6.4 million square feet of commercial and residential development.[48] NYCEDC's board is independent—the Mayor appoints members based in part on nominations from Borough Presidents and the Speaker of the New York City Council.[49]

The board's Executive Committee, which is comprised of real estate and financial experts, approves all investments and large-scale financial decisions. Empowering an independent group of industry experts enables NYCEDC to make sound financial decisions that are removed from the politics of any given administration.

Core Capacities

Project-Level Financing	Both the Real Estate Transactions team (RETs) and the Strategic Investment Group (SIG) structure project-level financing, including both **Hard-Pay** and **Residual Receipts** Loans.
Asset and Portfolio Management	EDC's Asset Management team oversees 200+ unique assets, including financial returns and physical space.
Capital Markets and Cashflow Management	SIG runs both tax-exempt and taxable bond financing.
Policy and Program Management	SIG offers more limited technical assistance than the scale or complexity of what LACAHSA will offer.
Compliance and Risk Management	EDC has a General Counsel and a dedicated Compliance team that employs compliance specialists for each program EDC runs.

Staff & Organizational Structure

EDC has a broad scope, and its staff span a wide range of industries and expertise. Its real estate work is concentrated in three core teams, all overseen by the Chief Operating Officer.[50]

1. **Real Estate Transactions (RETs)**

   LACAHSA Core Capacity: Project-Level Financing

   The Real Estate Transactions (RETs) division executes and advises on real estate development and public private partnerships, including affordable housing. RETs is co-led by two Executive Vice Presidents, each with 20+ years experience in investment banking and real estate development.

48 https://edc.nyc/sites/default/files/2025-04/NYCEDC-Impact-Report-2024-Digital-Accessible.pdf

49 https://edc.nyc/sites/default/files/2023-10/Tab%2012a.%20NYCEDC%20FY2023%20Board%20Structure.pdf

50 https://edc.nyc/people

2. **Strategic Investments Group (SIG)**

   LACAHSA Core Capacity: Project-Level Financing; Capital Markets and Cashflow Management

   The Strategic Investments Group (SIG) structures impact investments to unlock access to capital and mobilize private investment. SIG has two divisions: Incentives, and Funds & Advisory. Incentive programs include Build NYC, a tax-exempt and taxable bond financing authority. The Funds & Advisory practice includes the Industrial Development Loan Fund, which provides discounted subordinate loans to industrial real estate projects. SIG is led by an Executive Vice President with 20+ years of experience in transactions and impact investing.

3. **Asset Management**

   LACAHSA Core Capacity: Asset and Portfolio Management

   The Asset Management division manages commercial real estate properties as well as other physical assets, targeting both economic returns and social metrics like job creation. The division manages over 64 million square feet of space, with 40 sites and 200+ unique assets. Asset Management is led by an Executive Vice President with 30 years of experience in asset management.

4. **Board Executive Committee**

   The NYCEDC Board and Executive Committee are currently chaired by Margaret Anadu, a former Partner at Goldman Sachs where she ran the Urban Investment Group (Goldman Sachs' community and economic development investment arm, which deploys over $3 billion annually).[51] The other 8 members currently on the Executive Committee are leaders in impact investing, real estate development and transactions, and affordable housing.[52] Except for the CEO of NYCEDC, all Executive Committee members are fully independent. The Executive Committee makes all investing decisions over approximately $250,000.

Salary Ranges

Title	Background	Salary Range[53]
Senior Associate	BA + 4 years	$84-$86K
Assistant Vice President	MA + 5 years	$97-$100K
Vice President	8+ years	$130-$140K
Senior Vice President	15+ years	$155-$185K
Executive Vice President	20+ years	$200K+

51 https://www.goldmansachs.com/what-we-do/asset-management/impact-investing

52 https://edc.nyc/board-disclosures#meetings

53 Salaries were sourced from publicly available job postings as of 5/2/2025, via the NYCHDC website: https://www.nychdc.com/careers.

San Francisco Housing Accelerator Fund

HAF has a small, nimble team with strong backgrounds in finance, enabling a focus on fast-moving and innovative public-private partnerships.

Overview

The San Francisco Housing Accelerator Fund (HAF) originated within San Francisco City Hall but now operates as an independent nonprofit working in very close alignment with City goals. HAF runs an impact fund that invests in housing preservation and development—matching City funds with private and philanthropic capital to make public dollars go further. HAF's private-sector investors and funders include banks (Bank of America, Citi, JP Morgan Chase, US Bank, Wells Fargo), foundations (Chan Zuckerberg Initiative, Hewlett Foundation, San Francisco Foundation), and major nonprofit housing partners like Enterprise Community Partners.[54]

Since 2017, HAF has raised $453 million in capital and supported more than 2,900 affordable homes that house more than 6,100 residents.[55]

Removing HAF from City Hall allows the organization to quickly mobilize public, private, and philanthropic financing to invest in high-impact projects. Its team combines traditional housing development knowledge with deep expertise in private-sector impact investing and debt origination, a combination that has enabled the organization's success.

Core Capacities

Project-Level Financing	HAF's Investment and Lending team and Capital and Credit team oversee project-level financing. Most of HAF's financing tools are **hard-pay.**
Asset and Portfolio Management	The finance team oversees the financial performance of assets.
Capital Markets and Cashflow Management	
Policy and Program Management	HAF evaluates the success of its programs to inform policy development but does not offer program management at the scale or level of sophistication as LACAHSA will.
Compliance and Risk Management	HAF works with consulting experts for legal services and financial advising.

Staff & Organizational Structure

With only 11 full-time employees, HAF has a relatively flat structure and a small, nimble team, enabling them to move quickly and efficiently. The CEO has almost 30 years of experience in social impact investing and public sector investment. She previously worked at Goldman Sachs, as well as public agencies and nonprofit organizations.[56]

1. **Finance Team**

   LACAHSA Core Capacity: Operations

   HAF's finance team supports finance and accounting operations, compliance, and capital management, including new capital raises. The team is led by a Chief Financial Officer with more than 20 years of experience in non-profit and public

54 https://www.sfhaf.org/partners/
55 https://www.sfhaf.org/statistics/
56 https://www.sfhaf.org/team/

sector financial management. The CFO is supported by a Finance Manager and a Finance Analyst.

2. **Investment and Lending**

   LACAHSA Core Capacity: Project-Level Financing

   The lending team manages project-level financing, including borrower conversations, feasibility assessments, deal structuring, and loan closing. The team is co-led by a Chief Investment Officer and a Chief Lending Officer, each of whom have ~30 years of experience in affordable and market-rate development including LIHTC, tax exempt bonds, and other financing mechanisms. The team also includes two Vice Presidents of Lending.

3. **Capital and Credit**

   LACAHSA Core Capacity: Project-Level Financing

   The capital and credit team leads the structuring and implementation of lending and investing products. The team is run by a Senior Vice President for Underwriting & Credit, who brings 15+ years of experience in debt origination, real estate development, and community lending & investment for banking institutions. The team also includes a Senior Loan Administrator.

HAF contracts with outside experts for legal services, accounting, construction management, IT, and financial advising. All contracts are supervised by the Management Team.

Salary Ranges

Title	Background	Salary Range[57]
Analyst	2-6 years	$88-$110K + <5% bonus
Senior Loan Administrator	5+ years	$90-$110K + <5% bonus
Vice President	5-15 years	$110-$170K + <10% bonus
Senior Vice President	15+ years	$170-$195K + <20% bonus
Chief Financial Officer	20+ years	$240K
Chief Executive Officer	25+ years	$280K

57 Salaries were sourced from publicly available job postings as of 5/2/2025, via the HAF website: https://www.sfhaf.org/team/

King County Housing Authority

Pairing public bond financing and private financing allows King County Housing Authority to run a large-scale NOAH preservation program.

Overview

For over 30 years, King County Housing Authority (KCHA) has purchased rental properties to permanently preserve affordability and expand the pool of units available to Section 8 voucher holders. Through its acquisition program, KCHA has acquired 6,000 units of previously privately-owned multifamily buildings serving moderate-income households. The program relies on a combination of tax-exempt municipal bonds from King County and mezzanine debt from lenders and private sponsors who provide low interest rates to reduce the required equity contribution—Microsoft provided a 15-year $60 million loan at 1% interest to support the program.[58]

In total, KCHA now owns more than 155 properties with 12,700 units and administers vouchers for more than 14,000 households.[59] KCHA has achieved impressive results by pairing traditional housing finance tools with private sector partnerships. LACAHSA will need a team with stronger finance backgrounds to run its more complex programs, but KCHA is a model for acquisition and preservation.

Core Capacities

●	**Project-Level Financing**	KCHA's Development team oversees project-level financing. KCHA brings both **hard-pay** debt and **Residual Receipts** tools to deals. KCHA is both the lender and the developer/sponsor.
●	**Asset and Portfolio Management**	KCHA's internal asset management team oversees management expenses, debt service payments, and IRS compliance. The agency partners with a mix of in-house and private property managers who ensure properties generate cash flow needed to service debt and advance its mission.
◐	**Capital Markets and Cashflow Management**	KCHA leverages a guarantee from King County to access low-cost bond financing for the subordinate or B-note position of project financing. They have successfully executed this structure for 30 years without default or need to call the guarantee.
◐	**Policy and Program Management**	KCHA's Policy, Research, and Social Impact Initiatives team offers some programming for residents and oversees research and evaluation efforts that inform future policy.
●	**Compliance and Risk Management**	KCHA's internal asset management team oversees IRS compliance.

58 https://news.microsoft.com/2019/09/26/60-million-microsoft-investment-boosts-king-countys-efforts-to-preserve-affordable-housing-in-greater-seattle-region/

59 https://www.kcha.org/about/overview

Staff & Organizational Structure

KCHA has more than 500 staff across the entire agency. It is governed by a 5-member volunteer Board of Commissioners appointed by the King County Executive and approved by the Metropolitan King County Council.[60]

1. **Housing Operations and Administration**

   LACAHSA Core Capacity: Asset and Portfolio Management

   KCHA's Housing Operations team manages its Housing Choice Voucher Program, public housing inventory, resident services, and compliance. The Executive Vice President of Housing Operations has almost 20 years of experience in housing program management. The Administration team provides overall management and financial services across the agency's portfolio (excluding asset management, described below). The Executive Vice President of Administration has more than 30 years of experience managing operations and administration for housing authorities.

2. **Policy, Research, and Social Impact Initiatives**

   LACAHSA Core Capacity: Policy and Program Management

   The Policy, Research, and Social Impact Initiatives team develops, administers, and evaluates all programmatic components of KCHA's work, including after-school and early learning programs, health initiatives, and emergency preparedness planning. The Senior Vice President who leads this work has 25 years of experience in housing program management.

3. **Development and Asset Management**

   LACAHSA Core Capacity: Asset and Portfolio Management; Project-Level Financing

   The Development team is responsible for acquisition, development, financing, and management of financial operations of approximately 9,000 units across KCHA programs. The Asset Management team is responsible for all contracted management of KCHA-owned property, as well as on-site staff for home ownership programs. Both teams are overseen by a Senior Vice President, who has been with KCHA for 30 years and has a background in finance and real estate development.

KCHA also has internal teams for communications, IT, and HR.

60 https://www.kcha.org/about/leadership

Acknowledgements

Thank you to the many local community leaders, elected officials, housing finance and policy experts, and other stakeholders who generously provided time and insight to guide the creation of this Plan.

LACAHSA Board

- Chair Rex Richardson, Mayor, City of Long Beach
- First Vice Chair Miguel A. Santana, President & CEO, California Community Foundation
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- Nithya Raman, Councilmember, City of Los Angeles
- Emma Sharif, Mayor, City of Compton
- Hilda L. Solis, Supervisor, First District, Los Angeles County

All Eligible Jurisdictions

- County of Los Angeles
- City of Los Angeles
- City of Long Beach
- City of Glendale
- City of Santa Clarita
- San Gabriel Valley Councils of Governments and San Gabriel Valley Regional Housing Trust
- Gateway Cities Councils of Governments and Gateway Cities Affordable Housing Trust
- South Bay Cities Councils of Governments and South Bay Regional Housing Trust
- Westside Cities Councils of Governments
- San Fernando Valley Councils of Governments
- Las Virgenes/Malibu Councils of Governments

- Burbank-Glendale-Pasadena Regional Housing Trust (BGPRHT)
- North Los Angeles County Transportation Coalition JPA

Other Stakeholders

- Linc Housing
- Arctaris Impact Fund
- RMG Housing
- San Francisco Housing Accelerator Fund
- Century Housing
- Trammel Crow Company
- Morgan Stanley
- Thomas Safran & Associates (TSA Housing)
- Orrick, Herrington & Sutcliffe LLP
- FSL Public Finance
- Los Angeles County Housing for Health (Los Angeles County Department of Health Services)
- LA Family Housing

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Appendices

Appendix A. Housing Needs Data Tables

Table A1 below shows the number of households with low and very-low income (AMI<80%) for each jurisdiction as determined by RHNA and CHAS datasets.

Table A1. Households with low & very low income (AMI <80%) by jurisdiction

No.	Jurisdiction	Eligible Jurisdiction	RHNA	CHAS
1	Agoura Hills	Las Virgenes/Malibu Council of Governments	199	380
2	Alhambra	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	2,810	10,970
3	Arcadia	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	1,672	4,355
4	Artesia	Gateway Cities Council of Governments	480	1,240
5	Avalon	Gateway Cities Council of Governments	13	495
6	Azusa	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	1,128	4,395
7	Baldwin Park	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	851	5,170
8	Bell	Gateway Cities Council of Governments	67	5,265
9	Bell Gardens	Gateway Cities Council of Governments	129	6,340
10	Bellflower	Gateway Cities Council of Governments	1,503	10,480
11	Beverly Hills	Westside Cities Council of Governments	1,688	3,930
12	Bradbury	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	25	30
13	Burbank	Burbank-Glendale-Pasadena Regional Housing Trust	3,971	14,055
14	Calabasas	Las Virgenes/Malibu Council of Governments	203	1,485
15	Carson	South Bay Cities Council of Governments	2,683	4,515
16	Cerritos	Gateway Cities Council of Governments	1,024	1,320
17	Claremont	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	866	2,160
18	Commerce	Gateway Cities Council of Governments	77	1,230
19	Compton	Gateway Cities Council of Governments	356	8,920
20	Covina	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	882	4,385
21	Cudahy	Gateway Cities Council of Governments	116	4,345
22	Culver City	Westside Cities Council of Governments	1,712	3,520

No.	Jurisdiction	Eligible Jurisdiction	RHNA	CHAS
23	Diamond Bar	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	1,278	2,270
24	Downey	Gateway Cities Council of Governments	3,025	11,815
25	Duarte	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	414	1,740
26	El Monte	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	2,650	13,800
27	El Segundo	South Bay Cities Council of Governments	277	1,250
28	Gardena	South Bay Cities Council of Governments	2,246	7,560
29	Glendale	City of Glendale	5,602	30,270
30	Glendora	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	1,121	3,215
31	Hawaiian Gardens	Gateway Cities Council of Governments	105	1,575
32	Hawthorne	South Bay Cities Council of Governments	649	14,710
33	Hermosa Beach	South Bay Cities Council of Governments	359	1,125
34	Hidden Hills	Las Virgenes/Malibu Council of Governments	25	10
35	Huntington Park	Gateway Cities Council of Governments	460	8,910
36	Industry	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	10	29
37	Inglewood	South Bay Cities Council of Governments	2,768	16,410
38	Irwindale	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	47	50
39	La Cañada Flintridge	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	387	210
40	La Habra Heights	Gateway Cities Council of Governments	113	120
41	La Mirada	Gateway Cities Council of Governments	976	2,080
42	La Puente	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	819	2,615
43	La Verne	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	653	2,160
44	Lakewood	Gateway Cities Council of Governments	1,933	3,655
45	Lancaster	North Los Angeles County Transportation Coalition JPA	3,418	18,385
46	Lawndale	South Bay Cities Council of Governments	1,043	3,940
47	Lomita	South Bay Cities Council of Governments	363	2,405

No.	Jurisdiction	Eligible Jurisdiction	RHNA	CHAS
48	Long Beach	City of Long Beach	11,188	66,795
49	Los Angeles	City of Los Angeles	184,721	568,690
50	Lynwood	Gateway Cities Council of Governments	516	6,660
51	Malibu	Las Virgenes/Malibu Council of Governments	47	320
52	Manhattan Beach	South Bay Cities Council of Governments	487	770
53	Maywood	Gateway Cities Council of Governments	102	3,620
54	Monrovia	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	781	3,625
55	Montebello	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	2,021	7,740
56	Monterey Park	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	2,146	7,140
57	Norwalk	Gateway Cities Council of Governments	2,305	6,035
58	Palmdale	North Los Angeles County Transportation Coalition JPA	2,712	12,410
59	Palos Verdes Estates	South Bay Cities Council of Governments	126	200
60	Paramount	Gateway Cities Council of Governments	135	6,435
61	Pasadena	Burbank-Glendale-Pasadena Regional Housing Trust	4,409	16,665
62	Pico Rivera	Gateway Cities Council of Governments	445	3,890
63	Pomona	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	4,138	15,025
64	Rancho Palos Verdes	South Bay Cities Council of Governments	392	1,080
65	Redondo Beach	South Bay Cities Council of Governments	1,444	4,275
66	Rolling Hills	South Bay Cities Council of Governments	29	14
67	Rolling Hills Estates	South Bay Cities Council of Governments	124	70
68	Rosemead	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	1,792	5,060
69	San Dimas	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	604	1,880
70	San Fernando	San Fernando Valley Council of Governments	734	2,110
71	San Gabriel	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	1,261	4,095
72	San Marino	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	240	90

No.	Jurisdiction	Eligible Jurisdiction	RHNA	CHAS
73	Santa Clarita	City of Santa Clarita	5,131	12,740
74	Santa Fe Springs	Gateway Cities Council of Governments	412	1,445
75	Santa Monica	Westside Cities Council of Governments	4,466	14,350
76	Sierra Madre	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	118	910
77	Signal Hill	Gateway Cities Council of Governments	239	1,385
78	South El Monte	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	195	1,865
79	South Gate	Gateway Cities Council of Governments	3,130	10,780
80	South Pasadena	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	1,155	1,885
81	Temple City	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	980	2,905
82	Torrance	South Bay Cities Council of Governments	2,467	11,915
83	Unincorporated LA County	Unincorporated Los Angeles County	39,339	76,368
84	Vernon	Gateway Cities Council of Governments	9	65
85	Walnut	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	652	690
86	West Covina	San Gabriel Valley Council of Governments/ San Gabriel Valley Regional Housing Trust	2,503	7,020
87	West Hollywood	Westside Cities Council of Governments	1,755	8,645
88	Westlake Village	Las Virgenes/Malibu Council of Governments	87	200
89	Whittier	Gateway Cities Council of Governments	1,562	8,365
TOTAL			**340,295**	**1,155,521**

Table A2 below shows the aggregated number of households with low and very-low income (AMI<80%) by Eligible Jurisdiction using RHNA and CHAS datasets.

Table A2. Households with low & very low income (AMI <80%) by Eligible Jurisdiction

No.	Eligible Jurisdiction	Jurisdiction Count	RHNA	CHAS
1	Unincorporated Los Angeles County	1	39,339	76,368
2	Burbank-Glendale-Pasadena Regional Housing Trust	2	8,380	30,720
3	City of Glendale	1	5,602	30,270
4	City of Long Beach	1	11,188	66,795
5	City of Los Angeles	1	184,721	568,690
6	City of Santa Clarita	1	5,131	12,740
7	Gateway Cities Council of Governments	25	19,232	116,470
8	Las Virgenes/Malibu Council of Governments	5	561	2,395
9	North Los Angeles County Transportation Coalition JPA	2	6,130	30,795
10	San Fernando Valley Council of Governments	1	734	2,110
11	San Gabriel Valley Council of Governments/San Gabriel Valley Regional Housing Trust	30	34,199	117,484
12	South Bay Cities Council of Governments	15	15,457	70,239
13	Westside Cities Council of Governments	4	9,621	30,445
TOTAL		**89**	**340,295**	**1,155,521**

**Subject to change once COG assignment is finalized.*

Table A3. below shows the housing need based on the share of low and very-low income (AMI<80%) households in each Eligible Jurisdiction using Table A2 estimates.

Table A3. Share of housing needs for LAHCASA's Measure A funding allocation by Eligible Jurisdiction

No.	Eligible Jurisdiction	Jurisdiction Count	RHNA	CHAS
1	Unincorporated Los Angeles County	1	11.6%	6.61%
2	Burbank-Glendale-Pasadena Regional Housing Trust	2	2.5%	2.66%
3	City of Glendale	1	1.6%	2.62%
4	City of Long Beach	1	3.3%	5.78%
5	City of Los Angeles	1	54.3%	49.22%
6	City of Santa Clarita	1	1.5%	1.10%
7	Gateway Cities Council of Governments	25	5.7%	10.08%
8	Las Virgenes/Malibu Council of Governments	5	0.2%	0.21%
9	North Los Angeles County Transportation Coalition JPA	2	1.8%	2.67%
10	San Fernando Valley Council of Governments	1	0.2%	0.18%
11	San Gabriel Valley Council of Governments/San Gabriel Valley Regional Housing Trust	30	10.0%	10.17%
12	South Bay Cities Council of Governments	15	4.5%	6.08%
13	Westside Cities Council of Governments	4	2.8%	2.63%
TOTAL		**89**	**100%**	**100%**

Appendix B. Acronym Index

Acronym	Description
AMI	Area Median Income
CDFI	Community Development Financial Institution
CHAS	Comprehensive Housing Affordability Strategy
COG	Council of Governments
CRA	Community Reinvestment Act
EDC	New York City Economic Development Corporation
HAF	San Francisco Housing Accelerator Fund
HAP	Housing Assistance Payments
HCD	California Department of Housing and Community Development
HDC	New York City Housing Development Corporation
HUD	U.S. Department of Housing and Urban Development
KCHA	King County Housing Authority
LACAHSA	Los Angeles County Affordable Housing Solutions Agency
LIHTC	Low-Income Housing Tax Credit
NOAH	Naturally Occurring Affordable Housing
PBV	Project-Based Voucher
PPO	Production, Preservation, & Ownership
PSH	Permanent Supportive Housing
QAP	Qualified Allocation Plan
RHNA	Regional Housing Needs Assessment
RPHP	Renter Protection & Homelessness Prevention
SB	Senate Bill
TA	Technical Assistance

Appendix C. Glossary

Area Median Income (AMI): represents the midpoint in the distribution of household incomes within a certain geographic region. HUD publishes annual AMI levels for regions, adjusted for family size. The HUD-provided AMI is used to determine applicants' eligibility for both federally and locally funded housing programs where participation is dependent on income levels. See 2025 AMI income limits here.

California Debt Allocation Committee: Government entity created to set and allocate California's annual debt ceiling and administer the State's tax-exempt bond program to allocate the debt authority.

Community Development Block Grant (CDBG): The Community Development Block Grant program provides annual grants to participating state and local jurisdictions, called "non-entitlement" and "entitlement" communities respectively. At least 70% of CDBG funds must be used for activities that benefit low- and moderate-income persons. In addition, each activity must meet one of the following national objectives for the program: benefit low- and moderate-income persons, prevention or elimination of slums or blight, or address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available.

Comprehensive Housing Affordability Strategy (CHAS) Data: Data from the U.S. Census Bureau that demonstrates the extent of housing problems and housing needs, particularly for low-income households. Data is typically used by local government to plan how to spend HUD funds. Data is also used by LACAHSA to determine funding allocations.

California Tax Credit Allocation Committee: Government entity created to administer the federal and state Low-Income Housing Tax Credit Programs. Both programs were created to promote private investment in affordable rental housing for low-income Californians.

Deed-Restricted Units: Otherwise known as subsidized units or covenanted units, these homes may receive forms of government subsidy and typically have some form of covenant that restricts rent growth.

Equity: Equity is the portion of a property's value that a property owner and/or investor owns. It is determined by the difference between the market value of a property and the debt owed against it.

Extremely Low Income: Persons and families whose incomes do not exceed 30 percent of the area median income as defined in [Section 50106 of the California Health and Safety Code].

Hard-Pay Subordinate Loan: Financial tool where capital is structured as debt with a mandatory fixed monthly (hard-pay) payment, often with below-market interest rates and repayment secondary to senior debt. Debt service payments come from the project's residual income and can include both interest and principal payments. The outstanding loan balance is due when the loan term ends or when the property is sold or refinanced. For these loans, the loan-to-value ratio (LTV) is higher, meaning the loan amount is a larger percentage of the property's value. Most properties, especially deeply affordable ones, do not have sufficient residual income to cover payments, making hard-pay subordinate loans uncommon.

HOME Investment Partnership Program: HOME Investment Partnership (HOME) was authorized by the federal government in 1990. It is a federal block grant to participating jurisdictions, which then use the funds to provide affordable rental and homeownership housing to low- and moderate-income families. When HOME funds are used for rental activities, at least 90% of the units must be occupied by households with incomes at or below 60% of AMI, with the remaining 10% to be occupied by households with incomes at or below 80% of AMI. In rental properties with five or more HOME units, 20% of the units must be set aside for households with incomes at or below 50% of AMI. Depending on the amount of HOME subsidy per unit, HOME funding applies 5- to 20-year affordability restrictions on units.

Housing Choice Voucher (HCV): The Housing Choice Voucher (HCV) Program, also known as Section 8, is a federal program administered at the local level. These vouchers are Tenant-Based Vouchers, in which the voucher moves with the tenant, and the tenant is responsible for finding rental housing. Administered by HUD and managed at the local level by public affordable housing agencies (PHAs), it is the largest HUD rental assistance program.

Limited Cashflow Loan: Financial tool where capital is structured as subordinate, soft-pay debt for small investments to increase affordability in moderate income projects of $10,000 per unit. Payments on the debt are made only from surplus project cash flow with any unpaid interest deferred and accruing.

Low Income: Persons and families whose incomes do not exceed 80 percent of the area median income as defined in Section 50079.5 of the California Health and Safety Code.

Low-Income Housing Tax Credit (LIHTC): The Low-Income Housing Tax Credit Program is a federal program that provides a dollar-for-dollar tax credit to support the development of affordable rental housing. The LIHTC program distributes federal income tax credits to developers through state housing finance agencies, which are responsible for determining which projects receive tax credits under the state's allocation. There are two general types of credits that can be awarded. 9% credits are higher-value credits that cover a greater percentage of projects' development costs and are awarded on a competitive basis. 4% credits are lower-value credits that cover a lower percentage of projects' development costs and are generally awarded to any projects that meet specific programmatic requirements and are financially feasible. 4% credits are usually paired with tax-exempt bond financing to make up the difference.

Moderate Income: Persons and families whose incomes do not exceed 120 percent of the area median income as defined in Section 50093 of the California Health and Safety Code.

Multifamily Housing: For the purposes of this document, multifamily housing is defined as a residential building consisting of more than two housing units.

Naturally Occurring Affordable Housing (NOAH): Naturally occurring affordable housing is defined as housing that is priced by market forces at rates that are affordable to low-income households. Housing is traditionally considered affordable if the total housing cost (rent or mortgage plus utilities) for the household represents no more than 30% of its income. NOAH often makes up a significant portion of a jurisdiction's affordable housing stock, in addition to publicly subsidized housing.

Non-Profit Equity Investment: A fund designed to cover a portion of the equity investment needed to acquire a building or site. It can work in place of or in addition to an Acquisition Strike Loan. The fund supports non-profit affordable housing developers who are limited in their ability to quickly raise equity and acquire larger portfolios of land or affordable buildings.

Notice of Funding Availability (NOFA) or Notice of Funding Opportunity (NOFO): A public notice of funding available, in this case, to support affordable housing.

Permanent Supportive Housing (PSH): Supportive housing is affordable housing that also includes support services designed to help tenants stay stably housed and build necessary life skills. Supportive housing can be designed either to be permanent or temporary for residents, with temporary housing targeted towards individuals who may be able to transition to traditional housing without support services over time. Supportive housing has been a successful tool to house populations that may be difficult to serve with traditional housing, such as chronically homeless adults.

Predevelopment /Acquisition Strike Loan: Financial tool where capital is structured as low-cost debt that is available for costs associated with a project's acquisition and predevelopment for a short term (1 to 5 years). Strike funds or acquisition funds allow affordable housing developers to compete with market-rate developers for preservation and development opportunities.

Preferred Equity: Preferred equity is prioritized before common equity in the cashflow distribution when the loan term ends or when the property is sold or refinanced. Preferred equity increases the chance for the equity holder to benefit from the project's income and earn more from property sales or refinancing than residual receipts loans. In exchange for reduced risk, preferred equity investors expect smaller returns.

Project Based Voucher (PBV): The Project-Based Section 8 Program, as it is now known, was established in 1974. HUD entered into Housing Assistance Payments (HAP) contracts with private owners to serve low-income tenants. Under these contracts, tenants pay 30% of their adjusted monthly income for rent and utilities and HUD pays the owner the difference between the tenant's payment and the agreed-upon contract rent. New residents of Project-Based Section 8 units can have incomes of no more than 80% of AMI, and 40% must have incomes below 30% of AMI.

Public Housing: Public housing is a type of affordable housing that has been traditionally owned by a local government agency or authority. In most places, this is a public housing authority. HUD provides federal aid to local housing authorities to operate housing for residents, who pay rents that they can afford. In the United States today, there are approximately 1.2 million households living in public housing units, managed by some 3,300 housing authorities (HUD).

Qualified Allocation Plan (QAP): Per federal requirements, every jurisdiction receiving tax credits must develop an annual Qualified Allocation Plan (QAP) to competitively allocate LIHTC across the jurisdiction. This includes geographic and income specific requirements. In the state of California, regulations set forth by the California Tax Credit Allocation Committee serve as the QAP.

Regional Housing Needs Allocation (RHNA): The RHNA process is the first two steps (Determination and Allocation) of a multi-step process that California governments utilize to plan for housing needs in each region of the state.

Rental Arrears: The amount of back rent a tenant owes a landlord.

Residual Receipts Loans: Financial tool where capital is structured as subordinate, soft-pay construction-to-permanent debt with below-market interest rates. Payments on the debt are made only if there is surplus project cash flow, with any unpaid interest deferred and accruing. The outstanding loan balance is due when the loan term ends or when the property is sold or refinanced. In most cases, residual receipts loans are underwritten with the expectation that the loan will not be fully repaid at maturity, rather extended, and resubordinated in exchange for continued affordability. Residual receipts loans are the most common existing tool for LIHTC gap financing currently.

Senior Debt (A Note): Senior debt is the highest priority for repayment.

Social housing: Initiatives implemented by nonprofits or public agencies, ensuring a mission-driven approach to development and property management. A key component of social housing initiatives is the meaningful participation of residents in decision-making and governance, fostering a sense of agency and community. Where feasible and desirable, opportunities for resident ownership are also encouraged to further empower tenants.

Soft Pay: Debt that is paid from a percentage of cash flow. While soft pay is typically due at maturity, it’s often assumed that soft pay from public sources will extend or forgive at maturity.

Subordinate Debt (B Note): Subordinate debt is the voluntary acceptance of a lower mortgage repayment priority by a debt and/or equity holder that they would otherwise be entitled to.

Underwriting: The process by which the financial risk of a deal is evaluated to determine before approving a loan or investment.

Very Low Income: Persons and families whose incomes do not exceed 50 percent of the area median income as defined in Section 50105 of the California Health and Safety Code.

Appendix D. Financial Analysis Assumptions

HR&A developed prototypical pro formas that modeled a variety of financing tool and project types. This analysis estimated how much public funding would be required across a range of different:

- Senior debt
- Subordinate Debt and Gap Financing
- Rent and Operating Subsidies Structures
- Affordability Mixes
- Development and Operating Cost Structures
- Annual Inflation Assumptions

Financial Product Terms Assumptions

The following table details the range of product terms tested within the feasibility modeling.

Senior Debt	LACAHSA A-Note
Max LTV	80%
Interest Rate	5.00%
Amortization	35
Term	15
Minimum DSCR	1.15-1.30*

**DSCR is 1.15 if no must-pay subordinate debt at 1.30 if there is must-pay subordinate debt (i.e. Mini-Perm Acquisition Fund.)*

Subordinate Debt and Gap Financing	LACAHSA B-Note	Mini-Perm Acquisition Fund	Residual Receipts Loan
Interest Rate	5.00%	3.00%-4.00%	Undefined
IRR Return Target	N/A	N/A	N/A
Amortization	I/O	I/O	I/O
Term	15	7	15
Combined DSCR	N/A	1.10	N/A
Combined LTV	N/A	85%	N/A
Payment Terms	From Cash Flow	Must-Pay	From Cash Flow
Assumptions at maturity	Must be repaid	Must be repaid	Assume extension or forgiveness

Rent and Operating Subsidy Assumptions

RENT AND OPERATING SUBSIDY	
Description	Rent and operating subsidy provide ongoing payments to pay for expenses such as utilities, maintenance, taxes, management, as well as debt service payments.
AMI	30% and 50% AMI Units
Term	15

Prototypical Project Assumptions

Introduction of Prototypical Deals

HR&A reviewed proformas from across LA County to ascertain typical development costs. This included contributions from the San Gabriel Valley COG, TCAC LIHTC Applications, and proformas directly from existing affordable housing developers. For all prototypical deals we assume a baseline assumption of 200 units in mid-rise, Type 5 construction. Across Los Angeles County, there are major variations in total development costs, land costs, and affordable rent levels. LACAHSA will need to undergo additional analysis to understand these variations to inform final financial product development. Prototypical deals within this section are intended to estimate average subsidy costs across a range of deal types and understand sensitivities to different cost structures.

This analysis resulted in the production of five prototypical deals:

High Total Development Costs (TDC)	High development hard costs and high financing costs. Existing hard cost and soft cost structure as found on 2023 and 2024 LIHTC 4% and 9% LIHTC sample.
Moderate Total Development Costs (TDC)	High development hard costs and lower financing costs. Baseline hard costs from LIHTC sample, with reduced financing costs and higher developer fee under the assumption that the developer/asset manager is primarily compensated via fees. Intended for modeling LACAHSA Mortgage.
Low Total Development Costs (TDC)	Low development hard costs, low financing costs. Lower hard costs from LIHTC sample in line with non-LIHTC sample projects. Due to financing structures, assumes reduced financing costs and developer fees. If Assumes low land acquisition costs. If the developer/asset manager is primarily compensated via fees rather than a return on equity, developer fee is higher. Intended for modeling LACAHSA Mortgage and Impact Fund.
Acquisition and Light Renovation	Based on average acquisition costs for LA County affordable properties over the last 10 years. Includes a light renovation budget per unit. As a caveat, this renovation budget is likely optimistic and renovation costs may vary substantially. If the developer/asset manager is primarily compensated via fees rather than a return on equity, developer fee is higher.
Acquisition and Substantial Renovation	Based on average acquisition costs for LA County affordable properties over the last 10 years. Includes larger renovation budget per unit. As a caveat, this renovation budget is likely optimistic and renovation costs may vary substantially. If the developer/asset manager is primarily compensated via fees rather than a return on equity, developer fee is higher.

Five Total Development Cost Scenarios Representing a Variety of Deal Typologies

TDC Scenario	High TDC	Moderate TDC	Low TDC	Acquisition and Substantial Rehab	Acquisition and Light Rehab
Development Costs					
Development Cost per GSF	$836	$815	$598 - $652	$502 - $560	$455 - $508
Development Cost - Total	$159M	$140M	$96M - $104M	$86M - $96M	$78M - $87M
Development Cost per Unit	$795K	$700K	$479K - $521K	$430K - $480K	$390K - $435K
Hard Costs	$98,500,000	$88,500,000	$70,500,000	$14,000,000	$6,000,000
Hard Costs per GSF	$517	$517	$441	$82	$35
Land and/ or Property Acquisition Costs	$5,480,000	$5,480,000	$5,480,000	$70,000,000	$70,000,000
Soft Costs Relative to HC	23.5%	23.5%	23.5%	0%	0%
Developer Fee Relative to HC + Acquisition	13.0%	12%	0%-12%	0%-12%	0% - 12%
Financing Costs Relative to HC	17.0%	13.0%	8.0%	0%	0%
Bulding Characteristics					
Average AMI	72%	72%	72%	72%	50%
Gross Building Area	190,476 GSF	171,429 GSF	160,000 GSF	171,429 GSF	171,429 GSF
Building Efficiency	63%	70%	75%	75%	70%
Net Residential Area	120,000 NSF	120,000 NSF	120,000 NSF	120,000 NSF	120,000 NSF
Avg. Unit Size	600 SF	600 SF	600 SF	600 SF	600 SF
# of Units	200	200	200	200	200

Unit Mix Assumptions

BR Size	Percentage of Total Units	Unit Size (Square Feet)
Studio	25%	400
1 BR	50%	600
2 BR	25%	800
3 BR +	0%	1000

AMI	New Construction and Acquistion / Substantial Rehab	Acquisition / LIHTC Rehab
30%	10%	0%
50%	10%	50%
80%	80%	0%
Weighted Average AMI	**72%**	**50%**

Operating Assumptions

Assumption	Value	Notes
Operating Expenses	**$9,300 - $12,400**	Range dependent on the affordability level of the building.
Property Tax Rate	**1.19%**	Effective property tax rate ranges from 1.08% to 1.25%. *All prototypical pro formas assume a 100% property tax abatement.*
Vacancy	**5.00%**	Using HR&A standard assumption.
Affordable Rents – Annual Increase	**2.50% - 3.00%**	Varied rent growth to test sensitivity of public funding / unit to rent growth assumptions.
Rent and Operating Subsidies Payments – Annual Increase	**2.50%**	Using HR&A standard assumption.
Operating Expense and Replacement Reserve – Annual Increase	**3.00%**	Using HR&A standard assumption.
Exit Year	**15 or 7**	Using HR&A standard assumption.

Appendix E. RFI Responses

LACAHSA released a Request for Information (RFI) to seek input from affordable housing developers, service providers, nonprofits, and other stakeholders regarding funding guidelines, program development, and other factors to consider. The RFI received comments on a range of topics, including regional collaboration & policy leadership, mechanisms for accountability & transparency, centralized data & risk monitoring, governance & legal structures, innovation in housing types & construction, and relationships with existing institutions.

For the purposes of this Expenditure Plan, five key themes emerged:

Key Themes	Alignment with Expenditure Plan
Need for Dedicated, Centralized, & Flexible Funding	
1. Strong recommendation for a dedicated preservation fund, ideally with recurring local or regional sources. 2. Emphasis on flexible capital that can be quickly deployed for acquisitions and rehabilitation. 3. Interest in layered financing structures and public-private partnerships.	The Expenditure Plan provides several Eligible Uses that can be used for preservation, including tools within the Direct Project Investment category and the Impact Fund category, which includes a Mini-Permanent Loan a Predevelopment/Acquisition "Strike Loan" to enable affordable housing developers to compete with market rate developers for preservation and development opportunities. Several of the Eligible Uses are designed to be layered with other financial tools. The Impact Fund is specifically design to partner with private investors.
Capacity Building & Technical Assistance	
1. Support for expanding the capacity of mission-driven developers (especially small and BIPOC-led) to engage in preservation, as well as TA and policy support to cities and Councils of Government (COGs), especially smaller jurisdictions with limited staff or expertise. 2. Need for technical assistance, predevelopment resources, and streamlined access to preservation tools.	5% of LACAHSA's funding is dedicated to technical assistance, plus an additional allocation dedicated to technical assistance for small cities. Technical Assistance funding can be used for a wide range of Eligible Uses, including developing internal staff capacity and infrastructure to design, operate, monitor, and evaluate programs, as well as consultant services related to program implementation. LACAHSA may also provide direct Technical Assistance programming, such as technical workshops, training sessions, regulatory compliance support, and education on best practices.
Streamlining & Certainty in Development Process	
1. Need for faster permitting, inspection, and plan check timelines. 2. Request for regular, predictable NOFAs/RFPs to introduce stability for developers. 3. Support for centralized application portals across agencies (e.g., LACDA, LAHD, LACAHSA).	A core component of LACAHSA's value proposition is shorter timelines, with fewer sources of financing and open solicitations. Coupled with local control and lower cost capital, LACAHSA is positioned to make the affordable housing process faster and cheaper.

Key Themes	Alignment with Expenditure Plan
Anti-Displacement & Tenant Protections	
1. Focus on ensuring that preservation efforts are equity-centered, prioritizing anti-displacement and tenant stability. 2. Recommendations to include tenant organizing, legal protections, and clear communication during ownership transitions.	Preventing displacement and increasing tenant stability are critical to LACAHSA's work, both for its Production, Preservation, and Ownership (PPO) funding and the Renter Protection and Homelessness Prevention (RPHP) funding. PPO funds include several Eligible Uses designed to support preservation and ongoing rent subsidies, and the LACAHSA Act sets clear parameters reserving a share of funds for extremely low-income and very low-income households. RPHP funding is designed to help households below 80% AMI and is being designed with at-risk households in mind.
Funding & Financial Sustainability	
1. Identifying and securing multi-source funding (state, federal, philanthropic, private). 2. Clarifying initial capitalization, operating funds, and long-term sustainability. 3. Leveraging existing resources (e.g., bond proceeds, pooled funds, mortgage revenue bonds).	The Expenditure Plan aims to address this by taking an "all tools in the toolbox" approach, identifying Eligible Uses that can be selected and layered based on each Eligible Jurisdiction's unique needs. Additionally, several Eligible Uses are focused on LACAHSA's unique ability to leverage private capital through partnerships with private investors and access to capital markets, such as the LACAHSA Mortgage and the Impact Fund.