



Investment Review Committee

Production and Preservation NOFA

November 19, 2025

Production and Preservation NOFA V2 Changes

	New Construction		PPO Flex				181,698,100		29,269,500	
	Initial Draft NOFA Caps	Proposed NOFA Caps (Version 2)	Proposed NOFA Caps (Version 3)		Draft NOA Interest Rates	Proposed NOFA Caps (Version 2)	Proposed NOFA Caps (Version 3)		Other Changes (Version 2)	Other Changes (Version 3)
Construction Loan	\$23,000,000	\$28,000,000	\$28,000,000		SLGS+2.25% or SOFR+1.5%	SLGS+1.75% or SOFR+1.0%	SLGS+1.75% or SOFR+1.0%		n/a	n/a
Permanent Loan	\$23,000,000	\$25,000,000	\$25,000,000		SLGS+1.0%	SLGS+0.5%	SLGS+0.5%		Forward commitment is available	n/a
Light Rehab Preservation Loan	\$5,000,000	\$10,000,000	\$10,000,000		SLGS+2.0%	SLGS+1.75%	SLGS+1.75%		Combined light rehab & perm product Increased term to up to 15-years	n/a
Subordinate B Note	\$4,000,000	\$10,000,000	\$15,000,000		SLGS+2.5%	3%	3%		Funds at construction/rehab Adds cash flow & capital event repayment 95% LTV/LTC max For both LIHTC and non-LIHTC projects	Adds language and waterfall for cash flow repayment and capital event repayment

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Residual Receipts Note (LIHTC)	\$3,000,000	\$10,000,000	\$10,000,000		3%	3%	3%		Compliance monitoring is an expense payable before Debt service 95% LTV/LTC	Changed it to 55 year term
Matching Capital Grant	\$2,000,000	Up to 15% TDC	Up to 15% TDC		3% *	3%*	3%*		Clarified it is a forgivable grant	
Rental Subsidy	Lesser of \$15,000 per unit or \$1 million annually	n/a	Difference between tenant-paid rent and HUD FMR		n/a	n/a	n/a		n/a	
Operating Deficit Subsidy	\$500,000	\$500,000	\$200 per unit / year		n/a	n/a	n/a		n/a	15-year term
Predevelopment	\$500,000	\$1,000,000	\$1,000,000		3%	3%	3%		n/a	Removed "LIHTC" project limitation May be used to finance land

Main Themes & Adjustments – NOFA Version 2

438 Unique Comments & Questions - Submitted Across 46 Organizations/Individuals

- **Readiness/Timelines** (10+ comments): Clarification of ‘readiness’ milestones is now included and extensions may be granted for projects pursuing LIHTC or other state/federal funds (documented progress is required)
- **Prevailing Wage / PLA Clarity** (9+ comments): Measure A funds are subject to prevailing wage/PLA. Clarification of applicability and examples of where local/federal labor rules overlap with County standards will be added
- **Cost Containment Scoring/High-Cost Areas** (8+ comments): Revised to account for geography, unit mix, program space. A revised Unit-Cost Standard is now included to avoid penalizing high-resource or family-serving projects
- **Residual Receipts Loan Eligibility & Cap** (8+ comments): Have adjusted the residual receipts loan cap

Main Themes & Adjustments – NOVA Version 2 (continued)

- **Density Bonus/Ineligible Units** (7+ comments): LACAHSa cannot fund units solely restricted by inclusionary or density bonus. Have clarified that voluntary units beyond those minimums can be funded.
- **Developer Fee Structure & Payment** (6+ comments): Have adjusted fees and will align fee caps and timing with TCAC/HCD norms while allowing flexibility in structures¹
- **Local Preference Prohibition** (5 comments): The prohibition on local preferences applies only to preferences that conflict with fair-housing law. Provided clarification that legally compliant PBV and PHA-administered preferences are allowed
- **Clarifying “Commercial Space” / ECE Facilities** (4 comments): Clarification provided that community serving uses or service space are not treated as commercial retail for purposes of eligibility

Main Themes & Adjustments – NOVA Version 3

- **Light Rehab Product:**
 - Light Rehab still not allowed for LIHTC projects as the product is designed for light rehab projects and not for the level of rehab required for LIHTC projects. There's a better priced product for LIHTC projects.
 - To qualify as "substantial rehabilitation" for LIHTC purposes, the expenditures incurred during a 24-month period must be at least the greater of: (1) \$6,000 per low-income unit (this amount is adjusted annually for inflation) in qualified basis; or (2) 20% of the adjusted basis of the building (determined at the start of the 24-month period).
- **Loan to Value and Loan To Cost ratio for RR Loan and Subsidies:**
 - The combined LTV or LTC analysis is for the senior note and subordinate debt (if any).
 - The LTV/LTC analysis is an underwriting parameter to gauge the risk of the deal.
- **Operating Deficit Reserve Product:**
 - The ODR will not be counted towards Total Development Cost.

Main Themes & Adjustments – NOVA Version 3 (continued)

- Rental subsidy program:
 - Remove readiness requirements: For this NOFA, we will be prioritizing projects that are ready within 12 months to ensure deployment of funds within required timeframes.
 - A commitment for rental subsidy is often a threshold requirement for other local and state funding sources, and need the commitment early to assemble project financing: For this NOFA, we will be prioritizing projects that are ready within 12 months to ensure deployment of funds within required timeframes.
- Annual Compliance Fee:
 - Waive the annual compliance fee if other public lenders are already monitoring for AMI compliance: To the extent that monitoring and AMI information and documentation is available and suitable for LACAHSAs monitoring purposes for this product, LACAHSAs may reduce or waive the fee. This will be evaluated on a case-by-case basis, not the standard. The fee is currently set to a very low level that likely would not fully cover the cost of monitoring the program already.

Main Themes & Adjustments – NOVA Version 3 (continued)

- Fees:
 - We provided clarifying language that we can eliminate the plan and cost review fee if a construction product is not being utilized in conjunction with the rental subsidy program, because the subsidy becomes effective post construction completion.
 - For all construction financing, the plan and cost review will remain.
 - The upfront origination fee is meant to offset the cost incurred to underwrite this product.
 - Fees are not due at application - Origination fee is only due after a project has been selected (final commitment letter) and the plan and cost review is part of the construction loan closing.
- Annual Compliance Fee:
 - To the extent that monitoring and AMI information and documentation is available and suitable for LACAHSAs monitoring purposes for this product, LACAHSAs may reduce or waive the fee. This will be evaluated on a case-by-case basis, not the standard. The fee is currently set to a very low level that likely would not fully cover the cost of monitoring the program already.

Main Themes & Adjustments – NOVA Version 3 (continued)

- Market Studies:
 - The purpose of third-party reports is to independently confirm/verify the income and expenses of the project. LACAHSa has no other way of determining the long-term viability of the project.
 - On a case-by-case basis, LACAHSa will accept third-party reports that serve this purpose that have been completed for other parties in conjunction with the project. (e.g., LACAHSa will not require duplicative and redundant third-party reports that are reliable and already available)
- Cost Containment:
 - Cost containment overall, is an important consideration in evaluating projects under NOFA #1.
 - We are prioritizing readiness, so cost containment is a key factor in the scoring of all products.

Density Bonus

- **100% Affordable Projects**
 - All units, including density bonus units, may be funded by LACAHSa.
 - Because the project is 100% affordable, the income restriction is not due to the density bonus.
 - DB was not granted to incentivize the developer to create affordable units by enabling more density for market-rate units.
- **Excess Affordable Units in Market Rate Projects**
 - If the developer is proposing to build more affordable units than necessary to obtain a density bonus, then LACAHSa may fund the excess affordable units but not the units needed to achieve the density bonus.
 - Note that, if the developer is receiving a benefit from the excess units (e.g., additional concessions, added density), then LACAHSa may not fund such excess units.
- **Deepened Affordability**
 - Deepened Affordability If the developer is proposing to deepen the required affordability level (e.g., is required to restrict units at 80% AMI but restricts at 30% AMI), then LACAHSa may fund the value of the difference between the required restriction level and the deeper restriction level.

Main Changes to Defined Terms

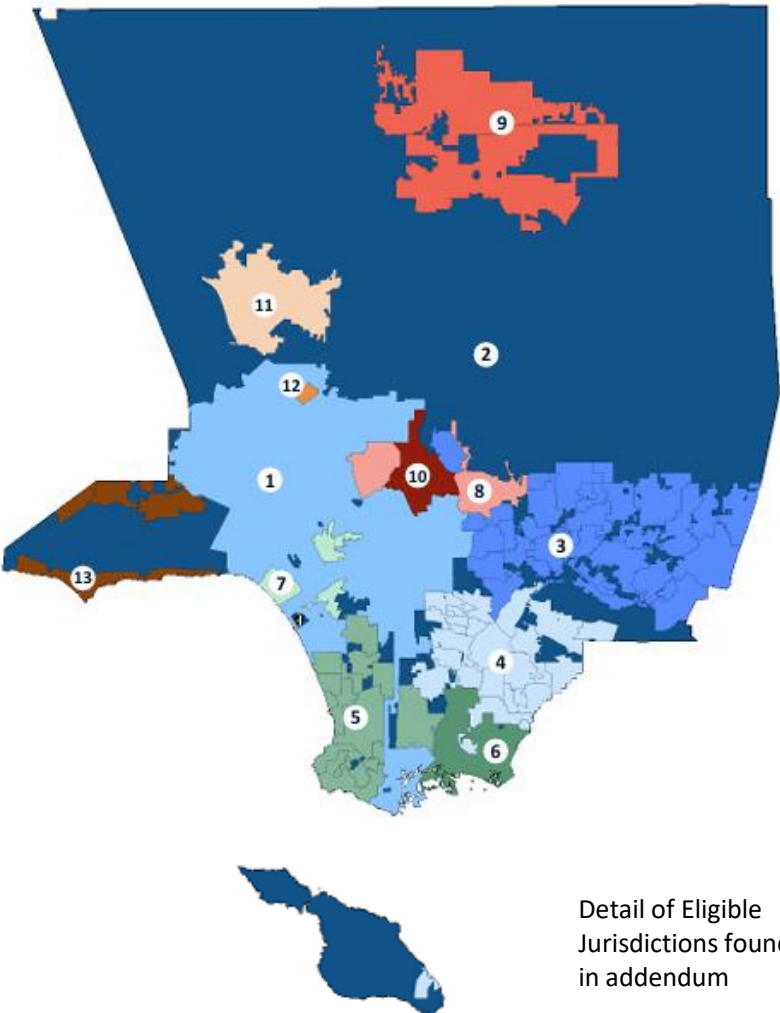
- **Adjusted Total Development Costs** - The sum of all project costs described in the pro forma minus:
 - Developer fee contributed as GP equity
 - Donated land
 - Value of any below-market ground lease
 - Acquisition costs that are offset by assumed debt or seller notes All units, including density bonus units, may be funded by LACAHS.
- **Unit Cost Benchmark**
 - Benchmark for development cost per square foot by project type used for eligibility, scoring, and/or underwriting under this NOFA.
 - Benchmark will be equal to the mean of Adjusted Total Development Costs for all projects applying for financing expressed on a per-square-foot basis, for each of 3 project types: New Construction, Substantial Rehabilitation, and Light Rehabilitation.
 - Projects may receive additional points for costs significantly below this amount.
- **Rehab / Substantial Renovation**
 - Clarified and expanded definition of Substantial Rehab vs Light Rehab

Geographic Allocation

- **Accounting for Project Location in the Selection Process**
 - Use a post-scoring geographic allocation framework, where all projects are competitively evaluated according to the applicable program scorecard
 - Then assigned a geographic “zone” based on their physical location.
 - LACAHSa staff will include Low Income RHNA allocations, displacement data and opportunity scores as part of the geographic allocation framework that is presented to the IRC with the initial project scoring
 - LACAHSa funds are allocated roughly equally across the 4 geographic regions
 - Following scoring, projects within each zone would be ranked made to the highest-scoring projects
- **Alignment with SB679**
 - Ensures both merit-based selection and
 - Geographical balance funding distributed across the County
 - Affirmatively furthers fair housing.

Proposed Geographic Sectors¹

Geographical Sector	Included Eligible Jurisdictions
North County	<ul style="list-style-type: none">▪ City of Los Angeles▪ City of Santa Clarita▪ North LA County Transportation JPA▪ Burbank-Glendale-Pasadena RHT▪ San Fernando Valley COG▪ Unincorporated LA County
San Gabriel Valley	<ul style="list-style-type: none">• San Gabriel Valley COG• Unincorporated LA County
Southeast County	<ul style="list-style-type: none">• City of Long Beach• Gateway Cities COG/RHT• Unincorporated LA County
Southwest County	<ul style="list-style-type: none">• City of Los Angeles• Las Virgenes/Malibu COG• Westside Cities COG• South Bay Cities COG/RHT• Unincorporated LA County



1. Proposed sectors might change based on analysis of RNHA allocations, high opportunity vs low opportunity area research, and renter displacement/vulnerability research.

Funding Allocation Process Recap

1. Score all projects as received
2. Assign to 4 outlined geographies with roughly equal funding allocations
3. Release preliminary scoring, with geographic overlay and additional data points (Low Income RHNA allocations, displacement data, opportunity scores), in advance of January/February IRC meeting for review
4. IRC Approval of shortlist; “Project negotiation period” commences
5. Proposed final list of projects brought to IRC and Board of Directors for approval
6. Extra Points: Incentives for diverse development teams/emerging developer teams¹
 - Project Sponsor (Up to 3 Points)
 - Projects will receive points where the project sponsor entity is a WBE, MBE, or LGBTBE
 - Ownership structure includes a WBE, MBE, or LGBTBE entitled to at least 15% of the project’s cash developer fee.
 - One additional point where the qualifying WBE, MBE, or LGBTBE is also an Emerging Developer.
 - Development Team (Up to 2 Points)
 - Projects will receive points for employing a WBE, MBE, or LGBTBE for GC, Architect and developer legal counsel

NOFA Timeline

Option 1 releases NOFA in January with a similar timeline between actions, but Board approval is delayed until May

Option 2 releases NOFA in January, but shortens all other actions to achieve Board approval in April

Option 3 releases NOFA in December, but adds more time for NOFA responses to achieve Board approval in April

Action	Current Timeline (NOFA V2)	Proposed Timeline (Option 1)	Proposed Timeline (Option 2)	Proposed Timeline (Option 3)
Draft NOFA Published for 30-day Comment Period	9/26/25	9/26/25	9/26/25	9/26/25
NOFA Listening Session #1	10/9/25	10/9/25	10/9/25	10/9/25
Draft NOFA Workbook Released for Public Comment	10/10/25	10/10/25	10/10/25	10/10/25
NOFA Listening Session #2	10/17/25	10/17/25	10/17/25	10/17/25
Public Comment Period Closes	11/3/25	11/3/25	11/3/25	11/3/25
IRC Approves Final NOFA	11/14/25	12/4/25	12/4/25	12/4/25
Final NOFA Released	11/21/25	1/6/26	1/6/26	12/5/25
NOFA Q&A Period Ends	12/9/25	1/20/26	1/20/26	12/19/25
NOFA Responses Due	1/9/26	2/20/26	2/13/26	1/16/26
Follow-Up with Respondents Complete	1/23/26	3/6/26	2/27/26	1/30/26
Preliminary Scoring Released to Respondents for Comment	2/2/26	3/13/26	3/6/26	2/9/26
Respondent Review/Comment Period Ends	2/16/26	3/27/26	3/20/26	2/23/26
Final Project Selection Submitted to IRC	3/27/26	5/1/26	4/3/26	3/27/26
IRC Recommendation to Board	Week of 4/6/26	5/7/26	4/10/26	4/2/26
Board Approval of Final Projects	Week of 4/20/25	5/13/26	4/15/26	4/15/26
Selected Projects Notified	Week of 4/27/25	5/20/26	4/22/26	4/22/26



Thank You!

Addendum

Eligible Jurisdictions

	Passthrough Agency	Jurisdiction Count
1.	City of Los Angeles	1
2.	Unincorporated Los Angeles County	1
3.	San Gabriel Valley COG/RHT	30
4.	Gateway Cities COG/RHT	25
5.	South Bay Cities COG/RHT	15
6.	City of Long Beach	1
7.	Westside Cities COG	4
8.	Burbank-Glendale-Pasadena RHT	2
9.	North LA County Transportation Coalition JPA	2
10.	City of Glendale	1
11.	City of Santa Clarita	1
12.	San Fernando Valley COG	1
13.	Las Virgenes/Malibu COG	5

