



LACAHS NOFA Proposed Changes

Production and Preservation

November 6, 2025

Agenda Item 5(A)

Discussion on high-level NOFA public comment themes with LACAHSAs mission and purpose intersections

- Housing unit AMI ranges
- Countywide geographic spending strategies
- Low Income Housing Tax Credit (LIHTC) financing opportunities



LACAHS – SB679 Affordability Guidance

Legislative mandate:

- To produce enough housing at all income levels, particularly at the lowest levels of affordability-direct funding limited to up to 80% AMI, explicitly allowed to be part of developments with units above 80% AMI
- Preserve affordable housing
- Protect residents from displacement
- Address the housing issue throughout the County in a comprehensive fashion

Economic Drivers Identified :

- Housing costs have dramatically outpaced wage growth (an average two-bedroom apartment requires a household income of over \$47 dollars per hour*)
- The housing crisis is regional in nature
- Existing municipality-specific programming would benefit from a regional agency (Supplement programming with additional support and services)
- Current process is not regional – Each city and county are responsible for their respective decisions on housing finance and renter protections



Approximately \$47.15 per hour. To afford a two-bedroom apartment in Los Angeles County, household needs to earn ~ \$47.15 per hour. Based on average monthly rent of \$2,452 for a two-bedroom apartment in the area. Source: MIT

Production & Preservation NOFA- Board Guidance

Board of Directors Recommendations Received (March 2025)

Prioritize:

- Multifamily mid-scale in low density areas
- Multifamily in transit corridors
- Acquisition and rehabilitation of market-rate housing (NOAH)
- Extending existing affordability covenants (Preservation)
- Social Housing

Affordability Implementation & Operationalizing

New Construction

- **Option 1: 100% Affordable Building up to 80% AMI:**
 - 10% of units \leq 30% AMI
 - 10% of units \leq 50% AMI
 - Remaining units \leq 80% AMI
- **Option 2: 100% Affordable Building up to 120% AMI***
 - 10% of units \leq 30% AMI
 - The greater of 50 units or 50% of units \leq 50% AMI
 - Remaining units \leq 120% AMI
- **Option 3: Mixed-Income Building including units above 120% AMI**
 - 10% of units \leq 30% AMI
 - 10% of units \leq 50% AMI
 - Remaining LACAHSAs-financed units \leq 80% AMI

Preservation

- Financing is limited to units set aside for \leq 120% AMI
- Unit Allocation:
 - 10% of units reserved \leq 30% AMI
 - 10% of units reserved \leq 50% AMI
- Affordability Period:
 - Begins when 75% of units are occupied by households earning \leq 120%
- AMI
 - Full affordability within 30 years of restrictive covenant recordation
 - Minor Rehabs: Full affordability by halfway point if assistance/unit is \leq \$150K



*In Option 2 (New Construction), LACAHSAs can only finance the 30% and 50% AMI units and not those units restricted due to development incentives, density bonuses, or similar programs

SB679 + Measure A Framework + Tax Exempt Financing

SB679 and Measure A

- 77.25% of funds must be used for New Construction
- Only 22.75% for PPO Flex (includes NOAH and Preservation)
- 80% of New Construction must be for 40+ unit projects
- Requirements – at least 10% of units at 30% AMI and 10% of units at 50% AMI
- Requires prevailing wage or PLA for all capital except rent/operating subsidies

Tax-Exempt Bond Structure

- ~ 90% of the NOFA proceeds are from a tax-exempt bond
 - Loans funded with tax-exempt bonds requires 100% nonprofit ownership
 - Loans to LIHTC projects do not qualify for tax exempt bond proceeds
 - LIHTC projects and for-profit developers can access grants and subsidies funded with tax-exempt proceeds
- Funding from unpledged Measure A funds
 - Can fund RR B note (LIHTC) and Subordinate B notes (for-profit developers)
- 30% of proceeds needs to be deployed within 6 months – so ready to proceed is key

Geographic Allocation

▪ Accounting for Project Location in the Selection Process

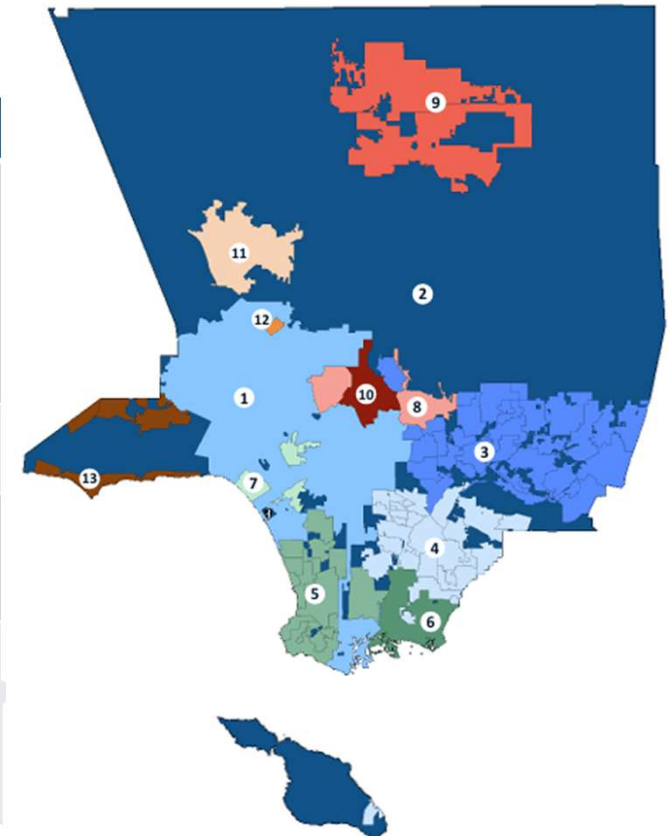
- Instead of including geography as a scored criterion within the program scorecard, **use a post-scoring geographic allocation framework, where all projects are competitively evaluated according to the applicable program scorecard and then assigned a geographic “zone” based on their physical location.**
- LACAHSAs funds are allocated roughly equally across the 4 geographic regions
- Following scoring, projects within each zone would be ranked by total score, and awards would be made to the highest-scoring projects, subject to available funding for requested financial product, in each region until that region’s allocation threshold is reached

▪ Alignment with SB679

- This approach ensures both merit-based selection and geographical balance aligning with SB 679’s requirement that LACAHSAs funding be geographically distributed across the County and affirmatively further fair housing.

Proposed Geographic Sectors

| 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 |



Proposed 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, 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

LACAHSA LIHTC Financing Opportunities

Social Bond Proceeds

- While ~90% of the NOFA proceeds are from a tax-exempt bond, LIHTC projects and for-profit developers can access:
 - Grants
 - Rental subsidies
 - Operating subsidies

About 10% of NOFA proceeds are from unpledged Measure A funds

- Can fund Residual Receipts B note (LIHTC)
- Subordinate B notes (for-profit developers)

Other Considerations

- 30% of proceeds needs to be deployed within 6 months – so ready to proceed is key
- Including a “negotiation period” after initial project selection to allow for refinement of the project proposal

70% of LACAHSA funding for PPO goes to Eligible Jurisdictions- Gap funding is likely use

Agenda Item 5(B)

General Feedback and Updates: DRAFT LACAHSa NOFA Production & Preservation NOFA Presentation

- Summary of proposed NOFA changes



Recap: PPO Board Approved Budget – IRC Approvals

| | Board Approved Budget | Production & Preservation Draft NOFA #1 | Homeownership Draft NOFA #2 | Community Land Trusts Draft NOFA #3 | Impact Funds | Small City Technical Assistance | TOTAL |
|---|-----------------------------|---|--------------------------------|---|--------------------|---------------------------------------|----------------------|
| Multifamily Rental NC – Large Projects (capital & Subsidies) | 155,741,900 | 151,415,000 | 0 | 0 | 0 | 0 | \$151,415,000 |
| Multifamily Rental NC – Small Projects (capital & subsidies) | 31,148,500 | 30,283,100 | 0 | 0 | 0 | 0 | \$30,283,100 |
| Multifamily Rental Flex – Large Projects (capital and subsidies) | 9,031,800 | 12,013,300 | 0 | 0 | 0 | 0 | \$12,013,300 |
| Multifamily Rental Flex – Small Projects (capital & subsidies) | 19,795,600 | 17,256,200 | 0 | 0 | 5,000,000 | 0 | \$22,256,200 |
| Community Land Trusts and NOAH Preservation | 15,249,800 | 0 | 0 | 15,000,000 | 0 | 0 | \$15,000,000 |
| Homeownership | 18,461,300 | 0 | 13,461,300 | 0 | 5,000,000 | 0 | \$18,461,300 |
| Small City TA | 2,583,700 | 0 | 0 | 0 | 0 | 2,583,700 | \$2,583,700 |
| TOTAL PPO | 252,012,600 | \$210,967,600 | \$13,461,300 | \$15,000,000 | \$5,000,000 | \$2,583,700 | \$252,012,600 |

Proposed Approval

Comments Received on Draft NOFA

- **Cost of capital & balance between “hard debt” and “soft debt”**
 - Developers would like to see a lower cost of capital to help make projects more viable
 - Developers would like to see an increase in the type of “soft debt” available to help get projects done
 - Hard debt is easier to secure for larger developments, but not necessarily smaller developments
 - **Action proposed:** reduce cost of capital and increase funding limits for “soft debt” products
- **Project negotiation period & LIHTC Financing Opportunities**
 - Assessing the inclusion of a “negotiation period” after initial project selection to allow for refinement of the project proposal
 - Developers focused on LIHTC financed developments have expressed concern that the 501(c)(3) bond concept limits funding opportunities for that project type
 - **Action proposed:** add a “negotiation period” to allow for refinement of projects that are high scoring to adjust their project finance structuring to best align with LACAHSAs products and strategies

Comments Received on Draft NOFA - Continued

▪ Product Maximum Funding Amounts

- Developers suggest maximum funding amounts are too low for many projects in the County
 - **Action proposed:** increased maximum funding amounts for all products

▪ Permanent Supportive Housing

- PSH developers have expressed there should be more priority to fund deeply affordable housing
- PSH developers want a larger pool for rental subsidies
- PSH developers want all subsidies be used only for PSH units
 - **Action proposed:** no adjustments, NOFA currently incentivizes deeper levels of affordability

▪ Incentives for diverse development teams

- Various comments have suggested that the NOFA should do more to incentivize BIPOC development teams
 - Developers / Contractors / Subcontractors
 - **Action proposed:** Bonus points for emerging / BIPOC development teams

Comments Received on Draft NOFA - Continued

▪ Geographic Allocation

- LACAHS Board Members and staff have asked for more clarity on how project selection will consider geographic location
 - **Action proposed:** regional allocation of projects following scoring

▪ Thresholds/Point System

- Request to remove some thresholds requirements for permanent takeout (forward commitments)
- Developers asking for LACAHS funding to be committed as early source commitment to be used to leverage additional sources such as state funding or tax credits.
- Remove requirements related to submission of third-party reports and public utilities
- Point system is overly complex and rewards the same criteria multiple times
 - **Action proposed:** simplifying of point system where possible

Proposed Changes: Production and Preservation NOFA

| | | | | | | New Construction | 181,698,100 |
|----------------------------------|-------------------------|--------------------------|--------------------------|---------------------------|---|------------------|-------------|
| | | | | | | PPO Flex | 29,269,500 |
| | Initial Draft NOFA Caps | Proposed Final NOFA Caps | Draft NOA Interest Rates | Proposed Final NOFA Rates | Other Changes | | |
| Predevelopment | \$500,000 | \$1,000,000 | 3% | 3% | n/a | | |
| Construction Loan | \$23,000,000 | \$26,000,000 | SLGS+225 or SOFR+150 | SLGS+175 or SOFR+100 | n/a | | |
| Permanent Loan | \$23,000,000 | \$25,000,000 | SLGS+100 | SLGS+50 | n/a | | |
| Subordinate B Note (Non-LIHTC) | \$4,000,000 | \$10,000,000 | SLGS+250 | 3% | Up to 10 yrs Interest Only | | |
| Residual Receipts B Note (LIHTC) | \$3,000,000 | \$10,000,000 | 3% | 3% | n/a | | |
| NOAH Preservation Loan | \$5,000,000 | \$6,000,000 | SLGS+200 | SLGS+175 | Combined light rehab & perm product Changed to 15-year term | | |
| Matching Capital Grant | \$2,500,000 | 15% of TDC | 3% * | 3%* | n/a | | |
| Rental Subsidy | n/a | n/a | n/a | n/a | n/a | | |
| Operating Deficit Subsidy | \$500,000 | \$200 per unit / year | n/a | n/a | Max 15-yr term | | |
| TOTAL PPO | | | | | | | |

* Forgivable grant

NOFA Timeline





Thank You!