LACAHSA
THE AFFORDABLE
SOLUTIONS AGENCY

Notice of Funding Availability #1
Affordable Housing Production and Preservation
Frequently Asked Questions

I. Program Purpose and Legal Framework

1. What is the Purpose of LACAHSA's Affordable Housing Production and Preservation NOFA?
   This NOFA is intended to deploy Measure A resources to produce and preserve affordable housing and (where applicable) provide rental and operating assistance, consistent with state enabling law and LACAHSA's adopted program requirements. SB679 sets required eligible uses, guardrails, and allocation rules for how Measure A revenues are distributed and monitored.
2. How does Measure A guide the design of LACAHSA's funding programs?
   Measure A (as implemented through LACAHSA's Program Guidelines) drives several foundational requirements that show up across NOFA products including (i) minimum affordability periods, (ii) income targeting, and (iii) labor standards (prevailing wage and PLA requirements).
3. How does SB 679 influence LACAHSA's affordability and program requirements?
   SB 679 establishes (among other things) geographic allocation structure, compliance backstops for jurisdictions, and requirements tied to eligibility and program implementation(including fair housing alignment and timelines for allocations, which guided the structuring of the programs and products in this NOFA)
4. How does the NOFA differ from City, County, or State housing funding programs?
   LACAHSA funding is designed to be consistent with Measure A and SB 679 requirements, including affordability targeting, funding allocation and priorities, and labor requirements that may differ from other government sponsored/funded programs.
5. How does LACAHSA balance innovation with fiscal and legal accountability?
   LACAHSA can pursue new structures (e.g., different debt tools or credit enhancements), but must still ensure eligible uses, enforceable affordability covenants, and compliance/monitoring consistent with Program Guidelines and state law.

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II. Definitions and Technical Clarifications

1. What are "full architectural drawings" for purposes of scoring?
   "Full architectural drawings" means a complete lan set of sufficient detail to support third-party plan/cost review and enable permitting-level review, even if final jurisdictional approvals are still pending. The NOFA's readiness/document checklist emphasizes plans/specs, schedule, and plan & cost review as readiness elements. Requirements are meant to serve a purpose for reliable, consistent review and evaluation, not to be punitive to applicants or projects.
2. What forms of site control are acceptable?
   The NOFA's readiness framework requires evidence of site control as a threshold/readiness element. Acceptable forms typically include (depending on product stage): recorded deed, long-term ground lease, purchase and sale agreement, option agreement, or enforceable disposition/agency agreements (e.g., DDA/ENA) that provide control and a clear path to closing. Refer to the final NOFA for specific requirements.
3. What is considered "commercial space" under this NOFA?
   "Commercial space" generally means nonresidential space intended for revenue-generating tenants (e.g., retail, office) and is treated differently in underwriting and eligible cost treatment than residential space.
4. Are co-located Early Childhood Education (ECE) facilities considered commercial space?
   Where an ECE facility functions as a resident/community-servicing amenity (rather than a market retail use), LACAHSA will generally evaluate it as a community benefit / supportive use, not as "commercial tenant space", provided the project documents and underwriting clearly describe its purpose, lease terms, and operating plan in alignment with this treatment.
5. What qualifies as "sponsor contribution"?
   Where "sponsor contribution" is used in scoring, the final NOFA describes it as sponsor-provided contribution toward total development cost (e.g., cash, equity, non-cash equity such as lang, in-kind contributions, etc.). Where "matching funds" are required (e.g., Matching Capital Grant), the NOFA defines them broadly as funds contributed to the project other than loan proceeds – including equity (from sponsors, LIHTC investors, etc.) and grants – regardless of the ultimate source. In practice, LACAHSA will look for verifiable non-cash contributions (e.g., land value, in-kind contributions, paid

predevelopment) where valuation and documentation are reliable and consistent with underwriting.

6. What constitutes a "material adverse change"?
   A "material adverse change" is a significant negative change affecting the sponsor or project feasibility/ability to close and perform. LACAHSA's intent is to protect program integrity and public funds – while recognizing normal-course development variability. As outlined in the Program Guidelines, program compliance/monitoring and risk assessment frameworks support focusing on true risk and performance issues. That is the basis around identifying material adverse changes.

III. Process, Transparency, and Future Updates

1. Will LACAHSA publish responses to stakeholder comments?
   Yes. Comments submitted during the comment period will be posted with LACAHSA responses along with the final NOFA and this FAQ.
2. Will there be additional funding rounds under Measure A?
   SB 679 establishes ongoing annual allocations and structures for use of Measure A revenues, supporting the expectation of future cycles subject to adopted expenditure plans and Board action. LACAHSA anticipates future NOFAs for Community Land Trust (CLT) and Homeownership fund allocations, which will include separate and different products that this NOFA.
3. How can applicants submit questions or request clarification?
   Applicants should use the NOFA's published Q&A process and the designated submission method in the NOFA instructions. Applicants should refer to the timeline in the final NOFA for key dates surrounding the Q&A period and other milestones.
4. Where will updates or amendments to the NOFA be posted?
   Any addenda, clarifications, or amendments will be posted to the LACAHSA website where the NOFA is officially published along with the FAQ and any formal notices.

IV. Eligible Applicants and Ownership Structures

1. Who is eligible to apply for funding under this NOFA?
   Eligibility is product-specific and clearly stated in the term sheet for each product in the final NOFA. Please refer to term sheets in Exhibit C of the final document.
2. Are nonprofit-controlled limited partnerships eligible applicants?
   Where a product requires or prefers "nonprofit ownership", nonprofit-

controlled LIHTC ownership structures may be eligible for the product or points, as applicable, if they meet the NOFA's control/eligibility standards and any bond proceed constraints applicable to the product.

3. Can joint ventures between multiple nonprofit entities apply?
   Yes, where the product permits nonprofit ownership, multiple nonprofits may jointly participate if the ownership/control structure satisfies eligibility and closing requirements.
4. Can for-profits entities participate in LACAHSA-funded projects?
   This is determined on a by-product basis. Please refer to the term sheets in the final NOFA for ownership requirements. Broadly, some products allow private entities as owners/borrowers, sometimes with preferences for nonprofit ownership depending on the product.
5. How does LACAHSA define "nonprofit control" of a project?
   In accordance with industry standards and norms, LACAHSA evaluates control through review of governing documents and deal control rights (e.g., managing member/GP authority, removal rights, approvals over major decisions). This is consistent with the NOFA's eligibility criteria and any applicable bond requirements.
6. Are mission-aligned for-profit developers eligible for financing products?
   For certain products that permit private entities, a mission-aligned for-profit may be eligible if it meets thresholds and agrees to affordability/labor/compliance requirements of the program.
7. Can emerging developers participate as co-developers or partners?
   Yes. Emerging developers can participate and are encouraged to do so. Through co-development partnerships, LACAHSA's product scoring considers programmatic approaches that support capacity-building, consistent with accountability and risk controls.

V. Overview of Financing Products

1. Why are there so many products offered under the program?
   The NOFA, in accordance with Measure A, SB 679, and Program Guidelines – offers multiple tools to address different points in the development lifecycle (predevelopment, construction, permanent, gap, rental subsidy, preservation, etc.), and to test which structures are most effective and fill the most need while adding the most public benefit in early Measure A deployment.
2. How should applicants determine which LACAHSA financing product is most appropriate?
   Applicants should match (i) project type (new construction vs. rehab,

preservation), (ii) timing/readiness, and (iii) capital need (senior debt vs. subordinate gap vs. subsidy) to the relevant product purpose and thresholds as outlined in the final NOFA. The Uniform Workbook will also guide applicants towards the products for which the project is eligible as it is completed during the application process.

3. Are some products intended to be catalytic rather than gap-filling?
   Yes – some products are designed to accelerate readiness or improve feasibility, while others provide last-in gap support (e.g., Matching Capital Grant).
4. Can a project apply for more than one LACAHSA financing product?
   Yes. Some products may be layered. Please refer to Exhibit G: Permissible Financing Product Combinations in the final NOFA.
5. Are some products better suited for early-stage projects versus later-stage projects?
   Yes, products that require high readiness (e.g., significant commitments, near-final plans, etc.) are later-stage; gap/subsidy tools may be structured to support earlier capital stack needs depending on product rules. Please refer to the term sheets and scorecards in the final NOFA.
6. How does LACAHSA coordinate its products with other public funders?
   The NOFA and Program Guidelines require underwriting discipline and documentation of other funding commitments/SLR as applicable, supporting coordinated subsidy layering. Where there are duplicative agreements or requirements across public funding agencies, the more restrictive or conservative will be enforced for the project.

VI. Relationship with LIHTC, Bonds, and Other Public Financing

1. Can LACAHSA funds be used in LIHTC-financed products?
   Yes, some products explicitly allow or are limited to financing of LIHTC and non-LIHTC projects. Limitations arise from product thresholds related to ownership and project type, readiness timing, and limitations of bond proceeds / tax law constraints.
2. Are 4% and 9% LIHTC projects eligible under this NOFA?
   Eligibility depends on the product. The final NOFA includes products that may finance LIHTC projects – 4% or 9% projects are eligible to apply for such products.
3. Why are certain products structured around 501(c)(3) bond financing eligibility?
   A portion of the available funds under this NOFA are anticipated to be derived

from tax-exempt bond proceeds. Uses of those proceeds are limited to certain ownership structures, such as 501(c)(3) eligibility to comply with bond and tax rules.

4. Can LACAHSA funding be assumed in the capital stack for LIHTC applications?
   Applicants should only assume LACAHSA funding in LIHTC applications where they have confirmation (e.g., award/commitment or clear eligibility pathway) and must comply with NOFA assumptions and conditions.
5. Does LACAHSA funding need to be the "last source in"?
   Some products are designed as last-in gap tools. Others may be used earlier, but readiness and commitment rules still apply. Refer to the term sheets and threshold requirements for the various products in the final NOFA for additional information.
6. How should applicants coordinate LACAHSA awards with TCAC and CDLAC timelines?
   Applicants should plan for sequencing where local commitments support competitiveness, while recognizing that readiness and closing requirements still apply and may require extension processes. LACAHSA will work with applicants that have demonstrated good-faith progress towards meeting timelines and commitments. It is not LACAHSA's intent to revoke awards due to reasonable and routine timing delays or mismatches. Communication of such efforts and delays should be made to LACAHSA staff to best coordinate deployment of funds and best-effort adherence to timing.
7. Can LACAHSA funds be used in preservation or resyndication transactions?
   Yes. Program Guidelines identify preservation activities (acquisition/rehab/affordability extension) as eligible, subject to income targeting and anti-displacement requirements.

VII. Affordability Requirements and Regulatory Restrictions

1. When does the affordability covenant term begin?
   Any project funded by any of the Financing Products will be required to record a covenant restricting the units to affordable uses for at least 55 years starting on the later of recording or issuance of the Certificate of Occupancy.
2. How do LACAHSA affordability requirements interact with TCAC, HCD, or local covenants?
   Program Guidelines direct that where other published rent schedules apply, the restrictive covenant should align with the schedule requiring the deepest affordability, and support consistency across layered funding.

3. Can affordability levels change in the event of foreclosure or subsidy loss?
   The NOFA may allow limited flexibility needed for senior financing and risk scenarios, but any changes must remain consistent with Measure A and SB 679 minimum requirements and recorded covenant enforcement.
4. Why does LACAHSA emphasize long-term affordability commitments?
   Program Guidelines require minimum 55-year affordability and, for certain products, offers additional points for extended affordability restrictions. Long-term affordability is a program priority; points for terms longer than the required 55-year commitment are an incentive, not a requirement.
5. How are mixed-income projects treated under LACAHSA affordability rules?
   Mixed-income projects are permitted as long as they meet the affordability requirements of the program and product as applicable to the project. Program Guidelines allow certain developments to have units up to 120% AMI, but restrict Measure A spending to qualifying affordability bands and require cost allocation.
6. Can different affordability levels apply to different units within a project?
   Yes. Projects can restrict different units at different AMIs but must satisfy project-level targeting minimums and documentation requirements.

VIII. Labor Requirements (Prevailing Wage and Project Labor Agreements)

1. When do prevailing wage requirements apply to LACAHSA-funded projects?
   Prevailing wage applies to all PPO activities involving construction or rehabilitation.
2. When is a Project Labor Agreement (PLA) required?
   For buildings with 40 units or more, Measure A and SB 679 require compliance with the applicable PLA based on project location (City of LA PLA or Countywide agreement).
3. Do PLA requirements apply to all affordable housing projects?
   PLA applicability is tied to unit count and location (and whether the project involves construction or rehab), not the affordability level of the project receiving funds.
4. How long do labor requirements remain in effect?
   Labor requirements apply to the covered construction/rehabilitation work and must be included in relevant contracts and subcontracts.
5. How do LACAHSA labor requirements interact with other labor mandates?
   Whether other labor rules apply, project must comply with all applicable requirements. Program Guidelines establish the Measure A and SB 679 baseline.

6. Will acceptance of LACAHSA funds trigger retroactive labor compliance?
   Generally, labor requirements attach to covered work performed under covered contracts. Retroactivity is fact-specific and would depend on timing of award, contract execution, and scope of work. These exceptions will be determined on a case-by-case basis according to the situation and requirements.
7. How are labor requirements treated in future rehabilitation or resyndication efforts?
   Future rehab/resyndication would be evaluated based on whether new Measure A-funded construction/rehab work is undertaken and whether the project meets PLA unit thresholds at that time.

IX. Readiness to Proceed, Timing, and Closing Requirements

1. What documentation is required to demonstrate readiness?
   The NOFA Readiness framework includes items such as plans/specs, plan & cost review, labor compliance readiness, financing LOIs/commitments, pro forma, market study, and (for rehab) PNA/scope. A complete list of readiness requirements is detailed in the final NOFA. Where applicants believe they have alternate documentation that serves the same purpose for verification, underwriting and evaluation, they may submit that document instead along with a narrative to LACAHSA for review. These exceptions will be evaluated on a case-by-case basis as long as the substantive purpose of the requirement is fully satisfied.
2. What are the required timelines for closing after a funding award?
   Some products require readiness to close within a defined period. Please refer to the final NOFA for additional information on closing timelines for the various products and project types/structures (e.g., LIHTC vs. non-LIHTC). LACAHSA will consider extensions where there is a good-faith effort to meet timeline commitments so long as project sponsors are communicating and can show evidence of such progress and provide reasonable, updated timelines to LACAHSA during the process.
3. How does the 12-month funding commitment period work?
   The NOFA generally expects projects to satisfy conditions and proceed to closing within the stated commitment window, subject to extensions where permitted. The initial NOFA was designed to balance fiscal prudence with deployment speed under Measure A § 5(b)(3) and SB 679 § 62103(f), which require responsible stewardship of bond and tax revenues. There is a priority

for projects that are ready to proceed to meet the fund deployment timeline requirements under this NOFA.

4. Can extensions be granted if a project does not meet initial timelines?
   The NOFA allows LACAHSA to evaluate extension requests where justified by documented, good-faith progress, dependency timelines (e.g., tax credits), and continued feasibility.
5. Can LACAHSA funding be awarded prior to tax credit allocations?
   Yes. Where a product is designed to be an early commitment (or where eligibility/readiness thresholds can be met) LACAHSA funding can be awarded prior to tax credit allocation. But the applicant must still satisfy LACAHSA conditions and comply with timing rules under the NOFA and Program Guidelines.

X. Application Scoring and Selection Process

1. How are applications evaluated and scored?
   Applications are evaluated against threshold requirements and scored based on product-specific scorecards as outlined and detailed in the final NOFA. Applicants will use the Uniform Application Workbook to complete all required information and see self-scoring information prior to submission, which is subject to change during review, verification, and due diligence evaluation of the project application.
2. Can LACAHSA fund a lower-scoring project over a higher-scoring one?
   Short answer – yes. There are many scenarios in which a lower-scoring project could receive an award over a higher-scoring project, especially where projects are applying for different funding products, are located in different geographic zones, project type (new construction vs. acquisition/rehab), or have different funding eligibility (i.e., can receive tax-exempt bond proceeds, etc.) However, scoring is intended to drive transparent, consistent award recommendations, especially within product bands.
3. How does LACAHSA evaluate cost containment?
   Cost containment is assessed through benchmarks and underwriting review, with attention to realistic costs and long-term operational viability. The final NOFA further clarifies cost containment in the product term sheets and scorecards.
4. How does geographic equity factor into scoring decisions?
   Geographic allocation and equity considerations are influenced by SB 679's distribution structure and LACAHSA policy goals. The final NOFA outlines Geographic Zones applicable to projects applying under this NOFA.

5. How is sponsor experience and capacity evaluated?
   The NOFA scores sponsor experience (projects completed, development tenure, etc.) and evaluates sponsor financial strength (liquidity, net worth, contingent liabilities) differently under different products, as outlined in the term sheets and scorecards in the final NOFA. Information and documentation for LACAHSA to evaluate these factors is submitted by applicants in the Uniform Workbook or as attachments such as, but not limited to, the sponsor's schedule of Real Estate Owned and financial statements. The evaluation and point allocation is based on the sponsor or sponsor partners, to not disadvantage emerging developers partnering with more experienced sponsors in the affordable development space.
6. How are tiebreakers applied?
   Tiebreakers are applied only after there is an exact numeric tie after initial scoring and done consistent with product scorecard instructions.

XI. Underwriting Standards and Financial Assumptions

1. How does LACAHSA underwriting differ from Uniform Multifamily Regulations (UMRs)?
   Where UMRs are used as a baseline, LACAHSA overlays product-specific requirements (reserves, readiness, affordability, labor compliance, monitoring) tailored and in adherence with Measure A / SB 679 implementation.
2. What debt service coverage requirements apply to different products?
   Debt service coverage requirement vary by product and are detailed in each product's term sheets and scorecards in the final NOFA.
3. How does LACAHSA evaluate operating expense assumptions?
   LACAHSA underwrites operating costs using third-party reports and comparable supportable (e.g., market study/appraisal) and evaluates whether assumptions are sustainable. Points can be allocated to projects that assume more conservative underwriting and remain feasible and to those that demonstrate prudent expense management that is supportable and feasible (scoring does not reward "race to the bottom" approach in applications).
4. How are developer fees treated in underwriting?
   The final NOFA includes threshold assumptions on developer fee pay-in timing for certain products. Please refer to the product term sheets in the final NOFA.

5. Are debt service reserves required for all products?
   Reserve, including debt service reserve, requirements are product-specific and stated in the product term sheets in the final NOFA.
6. How does LACAHSA assess sponsor financial strength and risk? Are sponsor partners considered in this evaluation?
   The NOFA evaluates sponsor/guarantor net worth, liquidity, contingent liabilities, and portfolio performance and considers the parties providing recourse/guarantees. This includes evaluation of sponsor-partners, where applicable.

XII. Preservation, Acquisition, and Existing Housing

1. What qualifies as a preservation project under this NOFA?
   Program Guidelines define preservation as acquisition, rehab, placing affordability restrictions via financing, or extending affordability restrictions.
2. Are existing LIHTC-assisted properties eligible for preservation funding?
   Potentially yes, depending on product eligibility and how the transaction complies with Measure A income targeting and anti-displacement and tenant protection requirements.
3. Can non-LIHTC properties apply for preservation products?
   Yes. Preservation tools can apply to non-LIHTC housing where affordability outcomes and compliance requirements are met.
4. Are projects already under construction eligible to apply?
   This is product- and timing-specific. Applicants must meet threshold requirements and readiness/closing conditions. Projects already under construction may raise feasibility and compliance considerations but are not inherently disallowed from applying.
5. Can projects with a Temporary Certificate of Occupancy apply?
   Potentially for takeout/permanent tools, depending on product eligibility and readiness requirements. Applicants should submit a narrative explanation and plan for this exception to be considered on a case-by-case basis.
6. How does LACAHSA prioritize preservation relative to new construction?
   SB 679 and Program Guidelines require allocations across eligible uses and establish requirements for how funds are used and tracked. Pursuant to SB 679 and Measure A, at least 60% of LACAHSA's revenues must be used for "PPO": the production of new affordable housing units, the preservation of existing affordable units (or conversion of existing units to affordable units), and programs for affordable home ownership. Of this amount, at least 77.25%

must go to production or creation of new or affordable housing units, as defined in the PPO guidelines.

XIII. Rental Subsidy

1. What is the purpose of the Rental Subsidy product?
   Rental and operating subsidies are eligible PPO-Flexible activities to support extremely low-income households and maintain project feasibility.
2. How is the rental subsidy amount determined?
   The amount is determined by the product terms and underwriting assumptions in the NOFA and should align with sustainable operations and affordability goals. The subsidy will pay the difference between the tenant-paid affordable rent and the applicable HUD Fair Market Rents (FMR). Points can be allocated where the project requests less subsidy than the maximum subsidy permitted (e.g., by layering subsidy from other sources to help close the rental gap).
3. Can the annual subsidy change during the term?
   Yes. The subsidy is adjusted during the term of the award to reflect the delta between tenant paid rent and HUD FMR.
4. How long does the rental subsidy last?
   The maximum term, as detailed in the product term sheet, is 20 years.
5. Can rental subsidies be applied to individual units rather than entire projects?
   Yes. The subsidy is tied to restricted units, as outlined in Program Guidelines, and linked to the affordability extension/deepening of those units.
6. How does the rental subsidy interact with vouchers and other rental assistance?
   The NOFA should be read alongside PHA voucher requirements and eligibility. Rental subsidies may be structured to compliment other assistance so long as affordability and compliance requirements are met.
7. Can rental subsidies be paired with preservation or rehabilitation products?
   Yes. Program Guidelines rental assistance to be used in conjunction with certain other Measure A-funded activities. The rental subsidy can, in accordance with other requirements, be paired with any other product except Predevelopment Loan (which cannot be paired with any other product), or the Operating Deficit Reserve product. See Exhibit G for pairing combinations.