

## **Q&A #1 – Questions received 12/16/2025 – 12/17/2025**

**Q#1:** For operating properties (acq/rehab and/or preservation projects), can an appraisal be submitted in place of a market study as a required submission? The appraisal also does market analysis of rental income and expense.

**Answer:** LACAHS will accept an appraisal in lieu of a separate market study where the appraisal includes sufficient information to support underwriting assumptions.

**Q#2:** If we are applying for the residual receipts loans, on the scorecard, it shows other "threshold" items. Does project need to meet all of those specific thresholds to qualify as an application? thank you.

**Answer:** All threshold requirements under each program scorecard must be met in order to qualify for the program. Please note that some threshold requirements are explicit about the type of project to which they apply, indicating, for example, "For New Construction or Substantial Rehabilitation" or "For Acquisition/Rehabilitation Projects." For the C-5 Residual Receipts Loan program specifically, note that sections F.3.a through F.3.e "only apply if the Financing Product will be contributed prior to Stabilization."

**Q#3:** As this NOFA was released near the holiday season, market studies may be delayed in delivery. May we submit market studies after the initial submission to LACAHS?

**Answer:** LACAHS is open to accepting an older market study at the time of application, provided the applicant includes a narrative explaining the continued validity of the study.

**Q#4:** For rehabilitation projects, do we need a Phase 1?

**Answer:** No, Phase 1 is not required as a threshold item. However, please note that for several funding alternatives, a Phase 1 provides points under "Readiness to Proceed", making your project more likely to obtain a better score

**Q#5:** "Hello, what is ""appraisal derived lease-up estimates""?

All lease-up assumptions to be verified via appraisal derived lease-up estimates, including capture rate and absorption rate "

**Answer:** "Appraisal-derived lease-up estimates" means that lease-up assumptions, including capture rate and absorption rate, must be supported by the appraisal's market and absorption analysis. The appraisal should evaluate comparable projects and submarket conditions and provide conclusions regarding the expected pace of lease-up. Applicant pro forma assumptions must align with, or be more conservative than, the appraisal's lease-up findings.

**Q#6:** The project that we are considering will be completed with construction on March 11, 2026 and it is a prevailing wage project of 50 units for senior housing using LACDA, City of West Hollywood, 9% tax credits, and LACDA Funds. Is a project labor agreement required if construction will be completed before the funds are awarded?

**Answer:** Please note that Project Labor Agreement requirements "apply when LACAHS provides a forward commitment during construction or rehabilitation, even when there is no LACAHS financing provided during the construction/rehabilitation phase." In this specific case, where construction is scheduled to be completed by 03/11/26, and since this NOFA's schedule is notify awardees by 04/26, Project Labor Agreements would not apply to your project.

**Q#7:** Can I combine and ask for Pre-development exhibit C-1, along with Senior Construction Loan exhibit C-2 and still ask for a matching grant product exhibit C-7? It is not clear on the graph that is on page 184.

**Answer:** No. As shown in the product combination chart on page 184 of the NOFA, the Predevelopment Loan (Exhibit C-1) is a stand-alone product and may not be combined with other LACAHS financing products, including the Senior Construction Loan (Exhibit C-2) or the Matching Capital Grant (Exhibit C-7). Projects seeking Predevelopment financing may



apply for other LACAHSa products in a future funding round once they meet the applicable readiness requirements.

However, the Senior Construction Loan (Exhibit C-2) may be combined with the Matching Capital Grant (Exhibit C-7), provided the project independently meets the eligibility, threshold, and underwriting requirements for each product.

**Q#8:** Would an ALTA Survey also be required on acquisition/rehab projects (existing affordable projects)?

**Answer:** This will be addressed in the next Q & A.

**Q#9:** One thing we noticed was that the requirement for an appraisal was removed in the final NOFA, but we also see that there are still references to an appraisal in the Exhibits. Can you please confirm if one is required or not?

**Answer:** Although the final NOFA removed a general appraisal requirement at the application stage, LACAHSa will consider a narrative with an alternative third-party verification or comparables of operating income and operating expense assumptions (see product terms in all Exhibits except Exhibit C-1). Please note an appraisal will be required as part of the closing due diligence checklist.

**Q#10:** While LACAHSa's due diligence requirements (survey - 90 days, phase I - 180 days, market study - 365 days) make sense for closing, they are problematic for an application released during the holiday season. Developers are unlikely to have a phase I and survey that meet the above, and turning around a proposal, getting field work complete, and receiving a final report will likely take more than 3 weeks. Will LACAHSa consider extending each of these requirements by 180 days (e.g. survey - 9 months, phase 1 - 12 yr, market study - 18 mo)?

**Answer:** This will be addressed in the next Q & A.

**Q#11:** Ex. C-5 Residual Receipts notes that the term can be up to 55 years, but then notes that applications will be disqualified if the term is more than 40 years. Can you clarify?

**Answer:** Exhibit C-5 contains an inconsistency regarding the maximum term for the Residual Receipts Loan. The correct maximum term for this product is 55 years (which should apply to both product terms and threshold).

**Q#12:** Can you clarify what the draft labor compliance plan should cover? Is this the construction compliance exhibit that is normally inserted into a construction contract?

**Answer:** The draft labor compliance plan would be a narrative outlining the project overview, the approach to complying with prevailing wage and or PLA requirements, the objectives of the compliance effort, the key parties and their roles, the implementation approach and related metrics, and the reporting process. Ideally, it would also include references to the applicable regulations the project is required to comply with.