



Q&A #2 – Questions received 12/18/2025 – 12/21/2025

NOTE FROM LACAHSA #1 12/24/2025: A new version of the Uniform Application Workbook will be provided that addresses questions related to clarity and calculations for the thresholds of each funding product. This update will improve communication of threshold requirements by updating language and formatting to clarify a project's eligibility and revising calculations to more accurately reflect eligibility. An updated version of the Workbook will be provided on December 30 to address these concerns. A final update will be provided that will incorporate all other feedback received on the Workbook.

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

Answer 12/22/2025: This will be addressed in the next Q & A.

Answer 12/24/2025: While the NOFA requires submission of an ALTA Survey for acquisition/rehabilitation projects, including existing affordable housing projects, LACAHSA may consider flexibility for rehabilitation-only projects, and potentially for acquisition/rehabilitation projects, where a current title report sufficiently demonstrates site conditions and encumbrances. In such cases, an ALTA Survey may not be required, subject to LACAHSA review and approval of the final application and supporting documents.

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 12/22/2025: This will be addressed in the next Q & A.

Answer 12/24/2025: LACAHSA may consider older surveys, Phase I Environmental Site Assessments, and market studies at the application stage if the applicant provides a narrative explaining their continued validity and commits to updating the reports to meet



NOFA requirements prior to closing. Acceptance of such materials is subject to LACAHSA review and approval.

Q#13: We would like to apply for a development that is 85% complete with construction and has a large funding gap. The submittal requires an Phase I (dated within 180 days), ALTA (dated within 90 days), Market Study (dated within 12 months). We typically wouldn't update these documents at such a late stage in the project. Could these requirements be waived for a project that is already in construction?

Answer: While the NOFA specifies currency requirements for third-party reports, LACAHSA may consider older documents for projects already in construction if the applicant provides a narrative demonstrating continued validity. Acceptance of such documents is subject to LACAHSA review and approval..

Q#14: I wanted to reach out because on the Residual Receipts application checklist, the Design/Construction/Labor (Readiness) is seemingly copied from the environmental compliance section. Could you please confirm that under Design/Construction/Labor (Readiness), the needed items are as follows:

Schematic/Preliminary Design and Development (“DD”), Construction Document (“CD”), or Permitted Set of Plans.

General Contractor (“GC”) Engagement and Cost Review, GC Qualifications (if any) Labor Requirements (Exhibit F).

Answer: Section 4 of the checklist for the Residual Receipts Note should include:

- Schematic/Preliminary Design and Development (“DD”), Construction Document (“CD”), or Permitted Set of Plans
- General Contractor (“GC”) Engagement and Cost Review, GC Qualifications (if any)
- Labor Requirements (Exhibit F).



Q#15: Can rental subsidies be used for projects in active construction? Can we apply for a project that is in active construction but not yet completed.

Answer: Yes. The NOFA does not limit eligibility to projects that are completed or stabilized at the time of application. Projects in active construction may apply, provided they meet all applicable eligibility and Readiness to Proceed requirements. Rental subsidies may be used for such projects, as subsidy eligibility is based on the project's operating phase and affordability requirements and is not conditioned on construction completion at the time of application.

Q#16: Wanted to bring to your attention that it appears the workbook is 'broken'. The Proforma Tabs are not populating any debt service for loans besides the Senior Perm due to the workbook being off by 2 additional cells compared to the Example Workbook on the Used Tab. The new Total Development Cost which the loans are trying to pull from on Sheet 7. Debt, Cell 64 is pulling from U123 on the Uses Tab which should be the Total cost but it actually is the Subtotal Reserves, when it should be U125. It appears the workbook needs to be updated to have total costs refer to U125 and NOT U123 on the Uses tab, which is breaking the automatic calcs. Please Advise.

Answer: Workbook has been corrected. An updated Uniform Application Workbook will be released to clarify eligibility thresholds and calculations. An updated version of the Workbook will be released on December 30, 2025. A final update of the NOFA workbook will be released on January 9, 2026, and will incorporate all feedback received by the January 7, 2026, Q&A period deadline.

Q#17: We have a project under construction, which will delivery Q4 2026. Is this considered under the construction bucket? This is adding new units to the market vs. rehab of existing units.

Answer: Yes. A project that is currently under construction and will deliver new units in Q4 2026 is considered a construction (new construction) project. Because it adds new units to the market, it is not treated as a rehabilitation or preservation project.



Q#18: What AMI standards are being used here? Federal? TCAC? State? Local?

Answer: The NOFA is using Fair Market Rents & Income Limits from HUD, and rent limits from CTCAC.

Q#19: How do prevailing wage requirements apply to a project currently under construction? The project does not currently have any government dollars as part of its capital stack, and LACAHSA funds would replace the construction loan upon completion.

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

Q#20: Projects owned by governmental entities are not eligible for LACAHSA financing under Section E, Eligible Projects. Please clarify whether "owned" refers to full (100%) ownership or any level of ownership interest, including a minimal share (e.g., 0.001%) held while serving as the managing general partner.

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

Q#21: The Product Terms for the Senior Permanent Loan and Residual Receipts loan reference the use of an appraisal to verify certain underwriting assumptions. However, there is no appraisal required/listed in the Document Checklist. Can you confirm if the appraisal will be a post-NOFA selection item?

Answer: Please see response to question No. 9 from Responses #1 released on December 22, 2025.

Q#22: Under Section 6 B. Application Checklist Design/Construction/Labor (Readiness) General Contractor ("GC") Engagement and Cost Review, GC Qualifications (if any) it reads that "Provide certification from the construction manager or GC engaged to confirm the Schedule of Value estimate for the project used in the pro forma" does the schedule of values need to be executed by the GC? What information about the GC will be required?

Answer: While the NOFA and the agency have specific requirements for the general contractor contract, which must be met in all cases, the requirement for a GC certification is tied to potential additional points in the "Readiness to proceed" section in the scorecards.

This requirement is specifically related to the general contractor's participation in developing the construction or rehabilitation budget.

As such, we are looking for confirmation of that participation. This can be provided either as a signed draft schedule of values as part of the larger GC contract and shown on the GC's letterhead, or as a separate signed certification from the GC that directly references the amounts shown in the application workbook and confirms that they participated in developing the construction or rehabilitation budget.

Q#23: It looks like the total NOFA funding availability is \$210.97mm. Are the B note funds included in that amount or are B notes originated separately?

Answer: The total NOFA funding availability includes funds available for all products offered under the NOFA, including B Notes. B Notes are not originated separately outside of the stated NOFA funding availability and are counted within the total amount available for award.

Q#24: Is the total availability of B notes limited to \$16mm or is that \$16mm per deal?

Answer: There is a \$15 million limit for B Notes and it refers to the maximum amount available per project, not the total amount available across the NOFA.

Q#25: If we anticipate doing a 501c3 acquisition and rehab deal, can we get the A note from a third party source or do we score better if we source more funds from LACAHSA direct?

Answer: The A Note may be provided by a third-party lender, and the NOFA does not award additional points for sourcing the A Note from LACAHSA. Scoring is based on project feasibility, leverage, and public benefit, not on maximizing LACAHSA's share of senior debt.

Q#26: Can you clarify whether the Forward Commitment amount is an upfront fee or built into the permanent interest rate? Our understanding is that it's an upfront fee. Having it structured as a rate increase on the perm loan would be tough on our end

Answer: The treatment of the Forward Commitment is product-specific. For example, for the Senior Permanent Loan, a Forward Commitment Fee applies and is structured as a rate add-

on equal to 1 basis point per month of the forward commitment period, as determined by LACAHSA. For other products that provide immediate delivery, the NOFA specifies that the Forward Commitment Fee is not applicable.

Q#27: Can you clarify whether the Operating Reserve and Debt Service Reserve are treated separately, or if a 6-month Debt Service Reserve can also satisfy the Operating Reserve requirement? The latter is pretty common with other funding sources.

Answer: No. Operating Reserves and Debt Service Reserves are treated as separate requirements under the NOFA and serve different purposes. A Debt Service Reserve is intended to cover debt payment obligations, while an Operating Reserve is intended to support property operations and stabilization. Accordingly, a 6-month Debt Service Reserve does not satisfy the Operating Reserve requirement unless explicitly stated otherwise in the applicable Exhibit.

Q#28: For the Rental Subsidy program, will LACAHSA allow a project to increase the AMI restrictions if the rental subsidy goes away or does not get renewed?

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

Q#29: Several programs have as a readiness threshold requirement that the project have preliminary commitments for at least 80% of non-LACAHSA Sources. How does this work for a LIHTC deal, where tax credit equity can easily equate to at least 30% of the total development cost?

Answer: For programs subject to a Readiness to Proceed requirement that at least 80% of non-LACAHSA sources have preliminary commitments, LIHTC equity may be counted only for products that permit the use of LIHTC. For products that prohibit LIHTC, the 80% threshold must be met using eligible non-LACAHSA sources other than tax credit equity. Documentation demonstrating preliminary commitments must be appropriate to the source and stage of the transaction.

Q#30: The Residual Receipts term sheet states that the term of the loan is 55 years, but then says that threshold is 40 years. Please clarify.



Answer: Please see response to question No. 11 from Responses #1 released on December 22, 2025.

Q#31: Regarding appraisals, can we include an alternative method to provide evidence for income and expense trending, and the LTV valuation?

Answer: Please see response to question No. 9 from Responses #1 released on December 22, 2025.

Q#32: Several programs, including the Rental Subsidy program, require that a project be either "New-construction, acquisition, or acquisition/rehabilitation". This would seem to preclude a project that does not involve acquisition. Would LACAHSA accept a project that does not change ownership hands but requires new rental subsidy?

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

Q#33: We are seeking clarification regarding eligibility and documentation requirements for the MBE/WBE bonus points referenced in the NOFA.

Our organization meets CDLAC's definition of a BIPOC Entity and, pursuant to LACAHSA regulations, is therefore considered an MBE. However, none of our projects meet CDLAC's BIPOC Project definition because our firm qualifies for full General Partner experience points, and as a result, we are not eligible to complete the CDLAC BIPOC Project Prequalification.

In addition, the Los Angeles County Department of Economic Opportunity, Office of Small Business does not provide certifications for WBE, MBE, LGBTBE, nor Emerging Developers, and our local municipality likewise does not offer certification for these designations. We have submitted an application for certification to the California Department of General Services, however we have been informed by DGS staff that the certification process will not be completed prior to the funding application deadline.

Given these circumstances, can the agency confirm whether alternative forms of documentation may be accepted to demonstrate MBE eligibility for purposes of the bonus points? If so, please advise what types of documentation would be considered acceptable."



Answer: CDLAC BIPOC Project Prequalification is one method of demonstrating eligibility. In circumstances where an applicant qualifies as an MBE under applicable definitions but is unable to obtain formal certification by the application deadline due to factors outside the applicant's control, LACAHSA may consider alternative documentation to demonstrate eligibility. Such documentation may include, but is not limited to, evidence of ownership and control, self-certification accompanied by organizational and governance documents, and evidence of eligibility under other public-sector definitions. Acceptance of alternative documentation is subject to LACAHSA review and determination, and applicants should clearly explain the basis for eligibility and the reason certification is pending or unavailable.

Q#34: Are projects with HACLA or non-profit corporations associated with HACLA eligible to apply for funding through this NOFA?

There are a couple scenarios which we are considering applying:

A HACLA non-profit instrumentality would like to apply for acquisition funding to purchase an existing multifamily property.

An unaffiliated developer would like to apply for subordinate debt in a transaction where a HACLA non-profit instrumentality is part of the GP structure.

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