

Q&A #3 – Questions received 12/22/2025 – 12/23/2025

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 LACAHS funds would replace the construction loan upon completion.

Answer 12/24/2025: This will be addressed in the next Q & A.

Answer 01/05/2026: Government Code section 64720.5 (part of SB 679) requires that any construction or rehabilitation project receiving funding or financing from LACAHS shall constitute a public work for which prevailing wages must be paid for purposes of the Prevailing Wage Law contained at Labor Code sections 1720 et seq. Section 28.B of the Measure A Ordinance which contains similar language. The California Department of Industrial Relations, Division of Labor Standards Enforcement is responsible for administering and enforcing of the Prevailing Wage Laws, including on projects receiving LACAHS funding. While DIR/DLSE generally does not require retroactive application of the Prevailing Wage Laws to work performed prior to the project being awarded public funding, applicants are responsible for ensuring that prevailing wages are paid in accordance with the law. Applicants should consult with legal counsel regarding their prevailing wage obligations, particularly on projects that are already under construction.

Q#20: Projects owned by governmental entities are not eligible for LACAHS 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 12/24/2025: This will be addressed in the next Q & A.

Answer 01/05/2026: For purposes of Section E, “owned by a governmental entity” refers to projects in which a governmental entity holds an ownership interest, not only projects that are 100% government-owned. Accordingly, projects in which a governmental entity holds any ownership interest—including a minimal share held in its capacity as a managing general partner or member—are not eligible for LACAHS financing. The prohibition is based on ownership participation, not ownership percentage.

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

Answer 12/24/2025: This will be addressed in the next Q & A.

Answer 01/05/2026: The AMI requirements cannot be changed. Section 64830(d)(1)(A)(i) limits the use of rental assistance to ELI. For the Rental Subsidy program, AMI restrictions are tied to the affordability commitments required under the NOFA and are not contingent on the continuation or renewal of the rental subsidy. If the rental subsidy expires or is not renewed, the project may not increase AMI restrictions unless explicitly permitted under the recorded affordability covenants or applicable program terms.

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 LACAHS accept a project that does not change ownership hands but requires new rental subsidy?

Answer 12/24/2025: This will be addressed in the next Q & A.

Answer 01/05/2026: Yes, we can allow a project that does not change ownership to apply for rental subsidy, under the "preservation" category, provided the LACAHS funds are preventing the loss of affordability. Please refer to the LACAHS transitional guidelines on extending the affordability period. LACAHS cannot issue tenant-based vouchers but can look at providing project based vouchers or contract. Non-LIHTC projects can assess this option. For LIHTC, please consult with your attorney, as projects require acquisition per CDLAC/TCAC program guidelines.

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 12/24/2025: This will be addressed in the next Q & A.

Answer 01/05/2026: A HACLA non-profit instrumentality may apply directly for funding if it is legally separate from HACLA and the project is not deemed to be owned by a governmental entity. However, projects in which HACLA itself holds an ownership interest, even through a non-profit instrumentality, are not eligible.

Similarly, an unaffiliated developer may apply for funding in a transaction where a HACLA non-profit instrumentality participates in the general partner structure, provided that the non-profit instrumentality is not considered a governmental entity and no governmental entity holds an ownership interest in the project. Assuming that the instrumentality is the sole owner of the project, instrumentalities that are nonprofit corporations that have a 501(c)(3) determination may apply for funding. These projects generally are eligible for tax-exempt proceeds from qualified 501(c)(3) bonds, or in certain circumstances from governmental purpose bonds.

Q#35: The workbook's Input tab blacks out the senior perm loan, matching capital grant, and rental subsidy if you select "yes" for the residual receipts loan. And vice versa - if you select residual receipts loan then the rental subsidy option is blacked out. Based on the table on page 184 of the NOFA, shouldn't we be apply to apply for both the residual receipts loan and rental subsidy?

Answer: This has been corrected in the Uniform Application Workbook v1.2, released on December 30, 2025, located in the NOFA application materials of the NOFA website: <https://lakahsa.gov/nofa/>

Q#36: Can you confirm if you can apply for the residual receipts loan AND matching grant loan simultaneously? On page 11 of the NOFA, under eligibility for the Matching Capital Grant the table states, "Projects have received either a subordinate B-Note or Residual Receipts Loan from LACAHSa". Does this mean you can only apply for the match grant AFTER you've received an award for the B-Note or Residual Receipts Loan? Or can you apply for both in the same application?

Answer: You can apply for C-7 Matching Capital Grant only if you're also requesting and maximizing either C-4 Subordinate B-Note, or C-5 Residual Receipts Loan, and you can be awarded the Matching Capital Grant if, among other things, you're also being awarded for one of the two mentioned above. The senior loan must be maximized in order to apply for either the C-4 Subordinate B-Note or C-5 Residual Receipts Loan. If there is still a gap, then applicant can apply for C-7 Matching Capital Grant.

Q#37: Can you confirm if we can use the local Public Housing Authority's Voucher Payment Standards as the rental subsidy rent amounts? The NOFA states to use the HUD Fair Market Rents but HUD's rents can differ from what the local PHA ultimately sets as their voucher payment standards.

Answer: Please refer to the definition of "HUD Fair Market Rents" or "HUD FMR" in the defined terms section of the NOFA. HUD FMR means the 2026 Fair Market Rents published for the County of Los Angeles by the U.S. Department of Housing and Urban Development ("HUD"), unless the project is in a zip code for which HUD publishes 2026 Small Area Fair Market Rents ("SAFMR"), in which case "HUD Fair Market Rents" or "HUD FMR" shall mean the 2026 SAFMR for the applicable zip code published by HUD. Also, refer to the section called "Affordable Rents" in the LACAHS transitional guidelines.

Q#38: Eligible Nonprofit - if the applicant is a Limited Partnership (applying for tax credit funding) and we are only applying for Residual Receipts loan and Rental Subsidy, do we have to provide the org docs on page 8? Or do the org docs on page 8 of the NOFA only apply to 501(3)(c) non-profit applicants?

Answer: Complete organizational documentation listed under section D. Eligible Applicants, 6.B. Application Checklist, and more specifically, under each funding program, is required for all types of organization.

Q#39: Our project is a new construction project but includes the demolition of an existing SRO building and will require the temporary relocation of existing tenants during construction. All existing tenants will have the right to return once the new project is completed. The NOFA only speaks to rehabilitation projects needing to relocation existing tenants. In the "No Displacement" section of the NOFA, it states, " Temporary relocation, at

the project owner's expense, is permitted for a reasonable period of time to complete necessary

rehabilitation." What is considered a reasonable amount of time? There are certain relocation laws that we must abide by that may require the tenant to be relocated for the duration of construction. Certain laws may also require us to allow the tenants to choose temporary relocation OR permanent relocation.

Additionally, do we need to provide the Resident Engagement Plan if our project is a New Construction Project but involves the demolition and temp relocation of existing residents? The NOFA says (Acq./Rehab projects only) and we are not technically a rehab project."

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

Q#40: The NOFA requires that the ALTA Survey be dated within 90 days of application. For sites that have been in the development pipeline for some time, existing ALTA Surveys are often older than 90 days. In addition, most lenders require an updated ALTA Survey at loan closing. As a result, this requirement effectively necessitates commissioning three surveys for any project that will not be solely funded by LACAHS, prior to the start of construction.

Would LACAHS consider allowing the 90-day ALTA Survey requirement to be satisfied as a post-award or pre-closing condition, rather than at application?

Answer: Please see response to question No. 10 from Response #2 released on December 24, 2025.

Q#41: PLA Requirements - Exhibit F lays out that the applicant should submit the following items:

1. Certification of intent to comply with prevailing wage requirements
2. Certification of PLA applicability (or written explanation of why PLA is not required)
3. identification of the applicable PLA (City DPW PLA or Countywide CWA)
4. Draft labor compliance plan
5. If applicable, relocation of subcontractor labor tracking or workforce plan

If the applicant certifies it intends to have a PLA and provides #1, #2 and #3 during the application process, is a draft labor compliance plan (#4) still required? The list seems potential scenario based but also reads as though every project must provide all of those items so just wanted to clarify if the requirement is all items #1-5 or you chose from the list what makes the most sense where you are in the process?

Answer: A draft labor compliance plan is not required at application if the applicant has certified PLA applicability and intent to comply, and may be submitted at a later stage, subject to LACAHS requirements prior to closing. Items related to subcontractor labor tracking or workforce plans are only required if applicable to the project.

The California Department of Industrial Relations, Division of Labor Standards Enforcement is responsible for administering and enforcing of the Prevailing Wage Laws, including on projects receiving LACAHS funding and applicants are responsible for ensuring that prevailing wages are paid in accordance with the law. Applicants should consult with legal counsel regarding their prevailing wage obligations.

Q#42: ALTA Survey - The NOFA requires an ALTA survey to be dated within 90 days of the application submission.

1st and Townsend has not yet completed an ALTA survey nor would it make sense given the scope of work and timeline to complete one now as it would need to be done again (and paid for again) closer to closing.

Is this a threshold requirement for all projects? Can the applicant certify that an ALTA survey will be completed and submitted at an agreed upon future date (after award but closer to closing)? CHW fully intends to obtain an ALTA survey as required but would like to do so at the appropriate point in the development timeline to avoid higher costs and duplicative work.

Answer: Please refer to Question #10 (Second Q&A Publications dated 12/24/25) - Projects with third party reports outside the requested timeframe may proceed as long as they confirm continued validity of the reports, and commit to updated them before closing.

For New Construction projects that have site control but have not yet completed an ALTA Survey, this can be a closing condition.

Q#43: For Readiness to Proceed Threshold Requirement "Preliminary financing commitments from at least 80% of non-LACAHS sources," what will LACAHS accept as a financing commitment for LIHTC equity? Most applicants will not have an allocation of tax credits from TCAC at the time of application, and investors often do not provide preliminary commitments. Other major funders (HCD, LAHD) typically exclude LIHTC equity from the required financing commitments.

Answer: Please see response to question No. 29 from Responses #2 released on December 24, 2025.

Q#44: Q#9 says that an appraisal is not needed to verify underwriting metrics, so long as a narrative plus either a market study, other third-party source, or comparables are provided. But Q#5 says an appraisal is needed for lease-up assumptions.

Given that an "as-stabilized" appraisal is typically not commissioned until construction closing underwriting and it will be difficult to obtain one before the application deadline, is there another way to verify lease-up assumptions?

Answer: While the applicant may not present an appraisal at this stage of the application, any additional support narratives, market study and other reports, need to support all the necessary information required to support all underwriting metrics and lease-up assumptions. An "As-Stabilized" appraisal will be a closing condition.

Q#45: Does the organization need to have audited financial statements? Can reviewed financial statements work?

Answer: The NOFA requires submission of audited financial statements where available; however, LACAHS may accept reviewed or other CPA prepared financial statements in lieu of audited statements, particularly for smaller or emerging organizations. Applicant must still demonstrate financial capacity and stability. Company prepared financial statements will not be accepted. Acceptance of unaudited financial statements is subject to LACAHS review and approval.

Q#46: Are SRO units eligible for rental subsidies? The project in question has both shared bathrooms and shared kitchens but will not require tax credits to complete renovations.

Answer: The Agency's purpose is to increase the supply and/or preservation of permanent affordable housing (SB 679), and it cannot provide homelessness services. LACAHS may fund permanent supportive housing, but the funding for the supportive services must come from other sources. LACAHS may only fund permanent housing units. But funding may be used to convert temporary housing to permanent units, but LACAHS cannot fund temporary or transitional housing. Standalone rental assistance must be tied to the extension or deepening of affordability in the assisted units. This may include an extended affordability period for assisted units at the conclusion of the rent subsidy.

Q#47: How should experience for GC, PM, and Service provider be demonstrated in the application? I couldn't find anywhere to input in workbook and don't see a template in guidelines.

Answer: Applicants should refer to the program-specific, checklists, threshold requirements and selection criteria for each product to determine how team experience is evaluated (i.e., for those programs where service provider experience is applicable, section 8 of 6.B. Application checklists asks that you list the service provider experience in California and LA County). Where required, experience should be demonstrated through the relevant narrative responses, organizational descriptions, resumes, or supporting attachments submitted with the application. LACAHS will review team experience in accordance with the applicable scoring and threshold sections for each program. All documentation should be provided in narrative form and uploaded along with other checklist documents.

Q#48: Does the final ownership entity need to be formed at application submission? Or can this be created once the funding award is confirmed and prior to closing?

Answer: To be eligible for funding under the LACAHS NOFA, the Applicant must be the entity that will own or otherwise control the proposed project. The Agency recognizes that final ownership entities are often "to-be-formed" during the early stages of a project.

Applicants should provide information about any to-be-formed entities and any intended future ownership structures in their application. It is important to note that any such entities must be fully formed and provide all required organizational documentation prior to the closing of LACAHS funding.

Q#49: Please double check the formulas in G18 and G25 on the "4. Income" tab of the workbook. Shouldn't the manager units be excluded from the "affordability" calculation for the overall building? If not, then does this mean manager units are required to have an AMI restriction?

Answer: Version 1.2 of the Workbook updated the Income tab to exclude Manager Units when calculating the percentage of units required to meet affordability standards.

Q#50: Several of the Document Checklists list "Sponsor/Guarantor Financial Statements and REO Schedule." Do you want a separate document with the REO Schedule, or will the list on Tab 14 of the Workbook suffice for this requirement?

Answer: For the REO Schedule, please complete Tab 14 of the workbook. Financial statements that meet the requirements of the NOFA should be provided as supporting documentation and will be reviewed by LACAHS. Please note that the workbook includes fields for applicants to self-certify compliance with the financial strength requirements specified in the NOFA, which will then be confirmed through the supporting documentation.

Q#51: Regarding the required Zoning Status/Approvals documentation, would a letter from a land use consultant suffice, or do you need something from the appropriate jurisdiction?

Answer: Letter from a land use consultant will be sufficient for the application stage.

Q#52: Regarding permits, we have an RTI from Los Angeles. What would suffice to document this? Can we screenshot an email from LADBS?

Answer: Yes, please provide the screenshot of the email.

Q#53: For our project, the LA board of supervisors approved the County to enter into an ENA with us. What would we need to satisfy the site control requirement? Would a letter stating the above suffice?

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

Q#54: Will LACAHS consider partial awards, or will projects be passed over if they are next in line based on scoring but insufficient funds remain to fully fund the requested amount?

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

Q#55: The threshold requirements for acquisition/rehabilitation projects reference “documentation demonstrating compliance with resident outreach and engagement requirements.” However, the NOFA does not specify these requirements or indicate where they can be found. Could you please clarify the resident outreach and engagement requirements and where they can be found?

Answer: Applicants should demonstrate resident outreach and engagement through documentation such as a Resident Engagement Plan narrative and any other evidence of engagement efforts prior and after closing. The requirements are derived requirements in SB679 as well as from applicable federal, state, and local tenant protection, relocation, and notice laws. Compliance with these requirements should be clearly referenced in the Resident Engagement Plan.

Q#56: Section 7, K. General Contractor Selection and Construction Contracts states that applicants must solicit a minimum of three bids. At what point in the development process is this requirement intended to apply? For example, obtaining bids during the concept design phase and selecting a general contractor at that stage is far less meaningful than bidding on construction documents or permitted plans. Is a selected general contractor required at the time of the funding application?

Additionally, for vertically integrated developer/builders, securing bids from third party general contractors is challenging. Third party GCs are often reluctant to invest the time needed to prepare a competitive bid when they know they are competing against an in house GC. For vertically integrated developer/GCs, would it be acceptable to instead obtain a minimum of three bids from each subcontractor?

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

Q#57: Our project has 100% of affordable units at or below 80% AMI. In Tab 4 (Income), Option 1 flags as "non-compliant" when breaking out a Manager's Unit from the total unit

mix. Does the Manager's Unit also have to be a restricted unit in order for our project to qualify under Option 1?

Answer: Version 1.2 of the Workbook updated the Income tab to exclude Manager Units when calculating the percentage of units required to meet affordability standards.

Q#58: We are applying for the Operating Deficit funding tool for a project in which construction has already commenced. The Phase I ESA's and ALTA Surveys that were prepared are considered final and have not been updated since construction closing which occurred over 90 days ago. Are these documents required to be dated within 90 days even for projects where construction has already commenced?

Answer: Please see response to question No. 13 from Responses #2 released on December 24, 2025

Q#59: The narrative of the property management plan is intended to be a summary describing how the property will be operated and managed, including the proposed property manager's experience, tenant selection and leasing approach, compliance with affordability and subsidy requirements, maintenance and resident services, and long-term asset management strategy. This narrative is distinct from the full property management plan, which is typically more detailed and operational and which will be required at a later stage. At the application stage, a narrative summary is sufficient, subject to LACAHS review and approval.

Answer: The narrative of the property management plan is intended to be a summary describing how the property will be operated and managed, including the proposed property manager's experience, tenant selection and leasing approach, compliance with affordability and subsidy requirements, maintenance and resident services, and long-term asset management strategy. This narrative is distinct from the full property management plan, which is typically more detailed and operational and which will be required at a later stage. At the application stage, a narrative summary is sufficient, subject to LACAHS review and approval.

Q#60: Our project is interested in using the Matching Grant along with the Subordinated B-Note or Residual Receipts Loan. Can you please explain further what "maximized" means? For example, the B-Note max is \$15MM but in the Motel Acquisition project example provided in the 12/21 presentation, the project uses only \$7.9MM of the B-Note and then \$848K in Matching Grant. What was the calculation that allowed this instead of all \$8.748MM being B-Note?

Answer: Please refer to Exhibit C-4 and C-5 of the NOFA, which outlines the sizing and requirements for the Subordinate B-Note and the Residual Receipts Loan. In this context, "maximized" means that the amount of the senior loan has been underwritten at a minimum of 1.20 DCR and the Subordinate B-Note or Residual Receipts has been underwritten at the lower of LTV or LTC, based on the product.

Q#61: Our organization has not triggered the federal requirement for audited financials. Will LACAHS accept three-years of unaudited financial statements? What impact will this have (if any) on scoring? Is there additional documentation needed to explain why we do not have audited statements?

Answer: The NOFA requires submission of audited financial statements where available; however, LACAHS may accept reviewed or other CPA prepared financial statements in lieu of audited statements, particularly for smaller or emerging organizations. Applicant must still demonstrate financial capacity and stability. Company prepared financial statements will not be accepted. Acceptance of unaudited financial statements is subject to LACAHS review and approval.

Q#62: Are we able to use the Sponsor's lead project manager's previous experience to meet the Sponsor Experience/Track Record threshold requirement?

Answer: If your application is looking at the extra points for Emerging Developers, MBE, WBE, LGBTBE, please refer to the section on "Assignment of Bonus Points". Otherwise, experience will be assessed for the Sponsor's track record. Experience Requirements: In evaluating the experience requirement to qualify as an Emerging Developer, LACAHS may consider either the experience of the entity itself or the experience of the entity's principal(s) ("Principals"), subject to the following: Principals must be employed by the Respondent's developer entity as senior management personnel and be authorized to execute and bind the entity to agreements. If the experience requirement is fulfilled by one or more Principals

of the Emerging Developer, the applicant(s) must promptly notify LACAHS in writing if any of these Principals leave or are terminated by the entity. The experience of a consulting firm who is member to the applicant or hired by an Emerging Developer cannot be used to meet any experience requirement.

Q#63: For Sponsor Financial Strength, the Product Term says "Sponsor/Guarantor" but the Selection Criteria only refers to "Sponsor." Can you please confirm that the "Guarantor" showing at least (i) \$3 million of net worth for private entities and (ii) \$1 million of liquidity for private entities meets threshold?

Answer: Confirmed. While the current Selection Criteria only explicitly refers to the "Sponsor," the Product Term Sheets correctly include the "Sponsor/Guarantor" designation. In the final update to the Workbook or program documents, the language will be standardized to include "Guarantor" alongside "Sponsor" to reflect that a Guarantor meeting the \$3 million net worth and \$1 million liquidity requirements for private entities satisfies the threshold.

Q#64: If the Phase I report recommends a Phase II, does the Phase II need to be completed prior to submission or can the Sponsor provide a statement that the a Phase II will be completed prior to fund allocation if awarded?

Answer: As part of the scoring criteria, applicants must submit all available preliminary environmental reports, along with a plan to complete any additional required environmental steps within the required timeframe. Applicants should carefully review these requirements and assess whether they can reasonably provide such a plan if a Phase II has not yet been completed and the Phase I identifies potential environmental concerns.

While a project with these characteristics may still move forward in the NOFA process and be considered for award, the overall development plan must be reasonable and include sufficient budget and time to address any identified environmental issues. This is not only a requirement for award consideration, but also a requirement for closing. Applicants are encouraged to use information identified in the Phase I proactively to refine their development approach, budget, and timeline to address known environmental conditions, as unresolved issues may ultimately prevent the project from closing.

Q#65: Do the subordinate B-note, residual receipts, rental subsidy, and operating deficit products require acquisition or are rehab-only projects eligible? If not, is the light rehab preservation loan the only one where rehab-only projects are eligible?

Answer: The subordinate B-Note, Residual Receipts, Rental Subsidy, and Operating Deficit products are not limited to acquisition transactions and may be used for rehabilitation-only projects, provided the project otherwise meets the eligibility and product-specific requirements set forth in the NOFA. Acquisition is not a threshold requirement for these products.

The Light Rehabilitation Preservation Loan is specifically designed for at-risk existing multifamily residential building and is not the sole product under the NOFA where rehab-only projects are eligible. Eligibility ultimately depends on the specific product terms and underwriting criteria applicable to each program.

Q#66: Does the senior permanent debt need to be fully amortizing?

Answer: The senior permanent loan can be fully amortizing (up to 40 years) with a term between 15 and 40 years. Balloon due at the end of the term if not fully amortizing.

Q#67: Please clarify repayment terms for the light rehab preservation loan.

Answer: Interest only for an initial period of up to 36 month. Amortized payments thereafter, with a maximum amortization period of 40 years, and a maximum term of term of 15 years. Balloon due at the end of the term.