



The Los Angeles Housing Department (LAHD) is posting the following Questions and Answer (Q&A – Part 2) regarding the 2022 Affordable Housing Managed Pipeline Notice of Funding Availability. Additional information can be found online at <https://housing.lacity.org/partners/affordable-housing-managed-pipeline>.

2022 AHMP – Q&A – Part 2 (10-13-2022)

	Section	Question	Answer
SECTION 1 - GENERAL PROVISIONS			
19	1.19	If the proposed 4% LIHTC project involves the acquisition and rehabilitation of existing units as well as the new construction of new units on the same property (all part of the same phase), but is applying to the LAHD Managed Pipeline only with the intention of requesting funds for the acquisition and rehab units, could the project apply as an “Acquisition and Rehab” Project Type or would it be required to apply as “Both Rehab and New Construction?”	The project must apply to the LAHD AHMP program using the same housing type as the 4% LIHTC application.
20	1.19	Will LAHD please confirm that the classification as a Permanent Supportive Housing Project is not a threshold item?	Per Section 1.19, projects must select a housing type which will be used for threshold, scoring and project selection.
21	1.19	Special Needs projects must apply for the SN Set-Aside and not the Geographic Pool?	Same as above.
SECTION 2 - THRESHOLD REQUIREMENTS			
22	2.1.1	We are proposing a project that is seeking to enter the city’s AHSC pipeline for this upcoming AHSC Round 7 and completing the attached supplemental ashc questionnaire Att_2.1.1. In many cases items like the STI and TRI scope and budgets have not yet been developed with the city of LA staff. It is our plan to work with the city to secure maximum points for these sections. In that case should we assume maximum points on the scoring worksheet? The AHSC application is not due until March 2023. For areas like the narrative-based scoring, should we assume maximum points? Just as a note the Round 7 draft regulations were just released which have some different scoring criteria than what is on the Att_2.1.1 supplemental questionnaire. Thank you.	Applicants may submit self-scores as contained in the AHSC Supplemental Questionnaire and LAHD staff will verify the feasibility of those points based on the most recent AHSC Guidelines for Round 6.

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23	2.5	In Affordable Housing Managed Pipeline Program Regulations, Policies, and Procedures section 3.5 paragraph two, without regard to any capital contribution, is the intention to limit the total permissible developer fee (inclusive of the deferred fee) to \$2.5M for 4% LIHTC projects or is that paragraph meant to only cap the paid developer fee (excluding deferred fee) at \$2.5M?	Pertaining to 4% LIHTC structures, the second paragraph of Section 3.5 is meant to cap the developer fee that may be paid out of development's funding sources - for 4% LIHTC projects, it is \$2,500,000. CTCAC Regulations may allow for a developer fee that is more than this cap amount, however, per AHMP Regulations, any amount beyond this cap shall be contributed back to the project. Section 3.5 further states that, "The project budget may not reflect, nor may the project pay out, a deferred developer fee beyond the balance owed on the \$2.5 million portion of the fee."
24	2.15	I would like clarification on Att. 2.15 - Letter from LAHSA. Our project will be a Permanent Supportive Housing project but only our studio and 1-BR units will be PSH units. The two bedroom units in our project will be general affordable. Can you confirm that we do not have to provide the letter from LAHSA because our two bedroom units are general affordable and we will not be using the Family CES to fill these units?	The letter from LAHSA is only required for two or more bedroom type supportive housing units.
25	2.20	Section 2.20 (Relocation) states, "Demolition and replacement of single room occupancy (SRO) Residential Hotel units will be permitted." Does the demolition and replacement of SRO Residential Hotel units only apply to proposed projects wishing to demolish and replace the SRO Residential Hotel units that do not have existing federal funds with recorded affordability covenants?	The demolition and replacement of SRO residential hotel units is permitted IF, 1) the project is economically non-viable, physically obsolete or severely distressed AND 2) after consultation with residents, where an owner is transferring all of the rental assistance contract under a RAD agreement OR similar government-sanctioned or court ordered program..."

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SECTION 3 - UNDERWRITING, COST, AND PRIVING GUIDELINES			
26	3.3	<p>For 100% general affordable projects, with no special needs units, are case managers required?</p> <p>Per section 3.3 of the regs one FTE is provided for 45 low income senior or other tenant populations. The proposed project is over 100 units and would require more than 2 FTE case managers. These services are not eligible for funding through Measure H/DHS funding because the building is not serving special needs populations. Further down in Section 3.3 it states up to \$250 per unit per year in services may be funded for low income senior or other tenant populations. For a 100-unit general affordable building that would be \$25,000 per year, not nearly enough to pay for 2 FTE case managers. With no income from PBVs or Measure H how is it expected that these services are paid for? Can this requirement be modified so that the services for general affordable buildings are consistent with TCAC services requirements?</p> <p>The project will comply with TCAC's services requirement but the layering on additional case manager requirements and limiting services paid through cash flow to \$250 PUPA for general affordable units is not feasible.</p>	<p>Unfortunately, the Comments Period for revising the AHMP Regulations is concluded and LAHD is unable to make revisions to the regulations at this time. LAHD will include this comment for next year when the Comments Period opens.</p>
SECTION 5 - SELECTION CRITERIA			
27	5.1.2	<p>Will LAHD count low-cost impact funds as leveraging? For example, on our project, we have a \$6M commitment from Apple to provide low cost, 2.0% mezzanine financing for the project. This is a mandatory payment, but it is below the line.</p>	<p>Section 5.1.2 awards points to committed funding sources including federal, state, or local government funds and AHP. To receive points for "soft loans", loans must have terms of at least 15 years, below market interest rate and interest accrual, and either fully deferred or require only residual receipts payments for at least the first fifteen years of the term.</p>
28	5.2.1	<p>Please confirm that Special Needs projects can secure maximum GP Experience Points for either TCAC experience section (i.e., 5 or more projects in service and 2 CA CTCAC projects, or 4 Special Needs projects, and one CA LIHTC project). The regulations state "for special needs housing type projects only applying through...the set-aside[s], points are available as described above or as follows"</p>	<p>Please see above.</p>

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29	5.2.1	Hi, could you confirm that in order for a project to garner full General Partner Experience points [12] under the special needs set-aside, we need to list/include at least 4 special needs project AND 1 LIHTC project that meet the conditions stated in the regs and provide a CPA certifying report. But we need to provide at least 5 projects. Is that correct? My colleagues and I have different interpretations of the regs language with some of us thinking that we'll to provide at least 5 projects (4 special needs and 1 LIHTC), and other believing that we need to provide at least 4 projects (4 specials needs, one of which should be LIHTC). Your clarification is deeply appreciated. Thank you.	Pursuant to Section 5.2.1, for an NPHA/Nonprofit or Special Needs project to garner 12 points, the "above" option is "5 or more LIHTC projects in service more than 3 years, of which 1 shall be in service more than 5 years and 2 shall be California Low Income Housing Tax Credit projects", and the "below" option is "4 or more LIHTC Special Needs projects in service more than 3 years and one California Low Income Housing Tax Credit project which may or may not be one of the 4 special needs projects."
30	5.2.1 (ii)	Section 5.2.1 (ii) states, "The projects in operation which are used to garner points under this subsection must be compliant under the LAHD Business Policy, within the last ten (10) years from the AHMP NOFA deadline." Does the LAHD Business Policy only apply to projects within the City of Los Angeles that have City of Los Angeles funding? Not all projects used to garner points under this subsection will be projects within the City of Los Angeles. Is it acceptable for projects used to garner points under this subsection are not within the City of Los Angeles?	Pertaining to points under 5.2.1 (ii) - Yes, the LAHD Business Policy applies to projects within the LA City. Yes, LAHD will also consider projects that are outside of the LA City if those projects satisfy that requirements for garnering points.
31	5.2.3(B)	Could you please define "Sole Sponsor," as mentioned in Section 5.2.3(B) (BIPOC scoring) "Follow up question on 10/4/22: (Sole) Sponsor is not included in the definitions section but is used in the BIPOC section ("Ten (10) points if the sole sponsor of the project is a BIPOC..."), which differs from the typical General Partner / Developer language generally used elsewhere in the regs. If the project consists of a development partnership (as most do) and one of the entities is a qualified BIPOC entity, can the BIPOC "sponsor" entity still claim the BIPOC scoring despite not being the "sole" entity int he partnership?"	Section 5.2.3 (A), states that, "Ten (10) points if the project is a joint venture between an entity that receives maximum general experience points pursuant to Section 10325(c)(1)(A) of the CTCAC regulations and a BIPOC , provided that the partnership agreement: (i) allocates a share of the developer fee, cash flow, and net sale proceeds to the BIPOC that is equal to or greater than the share to the entity with maximum general experience points and (ii) provides the BIPOC Developer an option to purchase the development. To receive points under this subsection, applicants must submit a copy of the executed partnership agreement showing the required terms as indicated above, and submitted as Attachment 5.2.3.A." In addition, Section 5.2.3 (B) references single entity requirements.

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32	5.2.4	For Subsections 5.2.4 Property Management Company Experience, is submittal of a Property Management Agreement in lieu of a Letter of Interest with the property management company sufficient/acceptable to be awarded full points?	A Letter of Interest is required to garner points for Section 5.2.4.
33	5.6.2	Section 5.62 (Minimum Permanent Supportive Housing Projects in the Pipeline) states that the City will “prioritize the goal of always having at least 250 units of Permanent Supportive Housing in the Pipeline” in order to maximize utilization of the 9% LIHTC resources and to support the production of Permanent Supportive Housing. Does this mean that projects competing as Permanent Supportive Housing Projects as defined in Section 1.6 are required to be 9% LIHTC projects or can they also be 4% LIHTC projects?	To reach the goal of 250 PSH units, LAHD will select 9% LIHTC projects first. If the goal is not yet reached, then it will select from other financing types in accordance with Section 5.6.