



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 3 (10-20-2022)**

	Section	Question	Answer
<b>SECTION 1 - GENERAL PROVISIONS</b>			
34	1.8	If a project seeks to fund a Capitalized Operating Subsidy Reserve, since PBVs are uncertain from HACLA, and significantly increases the TDC/unit, how will this be weighted in the Cost Containment scoring section?	The Capitalized Operating Subsidy Reserve (COSR) is part of the Total Development Cost (TDC). The COSR will not be excluded from the TDC calculation.
35	1.8	COSRs funded from capital sources for ELI, PSH, and SN units are a potential solution to the scarcity of rental and operating subsidies. But we heard conflicting messages at the bidders' conference about COSRs. Is it acceptable for a project to use a COSR as long as it is funded from non-LAHD capital resources? Or is the department only allowing COSRs that are funded by a dedicated COSR source? (HHC's COSR is the only such source we are aware of.)	LAHD will allow a COSR only if the COSR is funded with a non-LAHD funding source that allows a COSR as a cost in the Total Development Cost.
36	1.8	It's been shared that LAHD will not fund a project with a Capitalized Operating Subsidy Reserve (COSR) used in lieu of Project Based Vouchers (PBV) operating subsidy. Then it was shared that an LAHD award can not be used to fund a COSR. Could you please confirm that LAHD will still award and fund a project with a COSR, if that COSR is funded through a different funding source?	LAHD will not fund a COSR. Per Section 1.8, capitalization of any kind of project reserves using City funds is an ineligible activity. In addition, a capitalized operating subsidy reserve does not meet the definition of eligible activities under Section 1.7. Note: HACLA opened a NOFA for Project Based Vouchers on 10/19/2022.
<b>SECTION 2 - THRESHOLD REQUIREMENTS</b>			
37	2.4	With respect to the amount of subsidy per unit for projects with more than the minimum 10% ELI units, does the enhanced subsidy amount apply to all of the ELI units or only the ELI units above the 10% level?	For 9% Supportive Housing or Special Needs projects, all ELI units will be allowed to use the higher 9% subsidy limits (middle column). For 9% Senior or Large Family, the lower limits (1st column) shall be used for the first 10% ELI units and the higher limits (middle column) will be allowed for every ELI unit above the 10% TCAC minimum.

	<b>Section</b>	<b>Question</b>	<b>Answer</b>
38	2.12.1	I would like to confirm that an appraisal is not a required threshold item for the 2022 AHMP on a private site with a below market value ground lease that is not seeking leverage of committed funding sources from the land. 2.12.1 of the regulations says "All applicants shall provide an "as-is" appraisal with a date of value that is within 180 days before or after the execution of a purchase contract of the transfer of ownership by all the parties," However, we are not proposing a purchase contract. We will have a below market value ground lease from a private party. The value and lease payment that will be subject to a future appraisal.	The request for any funds from LAHD will trigger the requirements of the Uniform Relocation Act, which require an appraisal within the timeframes outlined in Section 2.12.1. The reference to a purchase contract should be considered a reference to the ground lease, which is the equivalent to a purchase contract.
39	2.20 & 1.7	Section 1.7 – Eligible Activities states that “if a new construction project entails relocation or permanent displacement, at minimum, the project must net 100% more units (i.e. double) than the amount being demolished.” If the proposed project is a acquisition and rehabilitation project (not new construction) that 1. Requires refinancing to preserve an existing 100% affordable project and meets the requirements listed in Section 1.7 of a project that needs to refinance, 2. Requires demolition of existing SRO units to replace with units that have their own kitchen and bathroom facilities, and 3. entails relocation (where all existing tenants will need to be temporarily relocated and have the first right to return, but and due to the length of construction will need to be offered the option to permanently relocate), will it not be required to net 100% more units (i.e. double) than the amount to be demolished?	LAHD will defer to the Residential Hotel Ordinance (RHO) for projects proposing to demolish existing SRO residential hotels. Admittance into the AHMP program will be contingent upon meeting the requirements of the RHO program.
40	2.20	Do the 50% of the replacement units required to provide permanent supportive housing per Section 2.20's (Relocation) language, “Fifty percent (50%) of those units must provide permanent supportive housing with no net loss of units,” also need to meet the “homeless” definition found in the LAHD Managed Pipeline regulations?	Same as above.

	Section	Question	Answer
41	2.20	If 50% of the replacement units required to provide permanent supportive housing per Section 2.20 (Relocation) language, "Fifty percent (50%) of those units must provide permanent supportive housing with no net loss of units," also need to meet the "homeless" definition, will the tenants that return as part of their first right to return be grandfathered in if they met the "homeless" definition at the time of move in? If not, is it LAHD's intention that the 50% of units providing permanent supportive housing in the replacement units per Section 2.20 will be for completely new tenants meeting the "homeless" definition and therefore at least 50% of the tenants, that were living in what used to be SROs, were permanently relocated/displaced? Please explain.	Same as above.
<b>SECTION 3 - UNDERWRITING, COST, AND PRICING GUIDELINES</b>			
42	3.7.8	For Utility Allowance, am I required to add City of LA SCEP fees as one of the allowances for tenants?	The utility allowance requirements are project specific; therefore, please consult the HACLA or TCAC websites for the utility allowance calculator models. <a href="https://www.hacla.org/en/about-section-8/utility-allowances">https://www.hacla.org/en/about-section-8/utility-allowances</a> <a href="https://www.treasurer.ca.gov/ctcac/tax.asp">https://www.treasurer.ca.gov/ctcac/tax.asp</a>
<b>SECTION 5 - SELECTION CRITERIA</b>			
43	5.1.1.A	Our team is planning to submit applications to the Affordable Housing Managed Pipeline for two phases of a three phased project in Downtown Los Angeles. The project will be developed on state-owned land designated as a priority excess site for affordable housing pursuant to the Governor's Executive Order N-06-19. As such, the project's entitlement approvals are not subject to the level of local review, forms, and applications referenced under "5.1.1.A Entitlements".	Pursuant to Section 5.1.1A, four points are available for projects with full entitlement approvals. In order to garner points, documents submitted must reflect the entitlement approval or similar status and must be issued by the approving government agency.
44	5.1.1.A	We are proposing a ministerial project under a Community Plan Implementation Overlay District (CPIO). The attached Administrative Clearance checklist has been submitted and executed by city planning staff confirming the proposed project meets the requirements of the CPIO. Does LAHD need anything further to confirm the project is ministerial to garner the 4 points for Entitlements under 5.1.1.A under the Selection Criteria?	Pursuant to Section 5.1.1.A, LAHD requires a written approval of entitlement from the LA City Planning Department. This serves as evidence that the project sponsor would have had submitted an application for an entitlement approval, and that L.A. City Planning would have made a final determination that all conditions were satisfied for the issuance of that approval.
45	5.1.2	Will a commitment letter from an equity investor be considered "leverage of committed funds" for the purpose of points scoring under 5.1.2 – Leverage of Committed Funds?	No. "Committed Funds" must be "soft financing" funds as defined in Section 5.1.2.

	Section	Question	Answer
46	5.2.1	Does the "Lead Developer" need to have specific Development Experience or does the "Managing General Partner" experience sufficient?	The entity/ies that is/are part of the ultimate borrowing entity, e.g., general partners in a limited partnership, need to have sufficient development experience. To garner points, please refer to Section 5.2. pertaining to development experience requirements.
47	5.2.1	Regarding the CPA letter for General Partner Experience Points for projects previously owned: can you clarify if the CPA needs to include the project's funded reserves as of the report date, or the date when the GP separated from the project?	To obtain points for projects that are previously owned by the proposed general partner, the report date for CPA certification should be the date when the GP separated from the project.
48	5.2.3	We have a question for the LAHD NOFA Q&A session part 2 set for October 18th 2022: Regarding Attachment 5.2.3 on BIPOC – if we are a BIPOC and we also have the general experience points, do we need to partner with a different entity to receive the BIPOC points?	Each experience section is scored individually. Each section requires an entity or joint venture to submit forms to garner points. Each entity used for points shall also be included in the managing general partner.
49	5.2.3	For 5.2.3(A) "BIPOC", can the "executed partnership agreement" be an executed MOU that outlines the required terms, or does it need to be a finalized Limited Partnership Agreement?	Pursuant to Section 5.2.3, an executed partnership agreement is required to garner points.
50	5.3.4	Where do I find the data for Average Total Development Cost Per Unit in section 5.3.4 of the Competitive Self Score Form ATT_2.17?	For section 5.3.4, the Average Total Development Cost to be used for the 2022 NOFA is \$624,777, which was presented during the Bidders' Conference that was held on 09/29/2022, and published on our website.
51	5.4	Can you please explain this? Is this incentivizing the use of carpets in common areas and units as an accessibility feature? Wouldn't the intent be met with hard surface floors since this item is in place to ensure ease of access for those using wheelchairs? May projects receive credit for items 4 and 5 on Table 2 of the enhance accessibility program checklist if they have no carpets? No. For the Enhanced Accessibility Program - credit for item 4 on Table 2 is available where carpet is used in public and common use areas of the development; and credit for item 5 on Table 2 is available when carpet is the standard in rooms within units in a development.	The Enhanced Accessibility Program (EAP) for new-construction projects was developed by HUD for the settlement agreement and any changes will need HUD's approval. As it currently stands, credit for item 4 on Table 2 is available where carpet is used in public and common use areas of the development; and credit for item 5 on Table 2 is available when carpet is the standard in rooms within units in a development. If hard surface floors are used, proposers must select other items from Table 2 for the EAP Bonus.

	Section	Question	Answer
<b>SECTION 8 - PIPELINE ORDER ENFORCEMENT AND CALENDAR</b>			
52	8.2	If we submitted an application for the LAHD MP NOFA for a project that assumed no PBVs, but had incentivized ELI units (that generate points and allow for a larger loan size), what would happen if PBVs were introduced to the project at a later date? Would the project be re-scored and the award possibly rescinded or would the loan simply be reduced since incentivized ELI unit limits are not eligible for PBV units?	Per section 8.2 of the regulations, if the applicant proposes a revised financial structure after admittance, the applicant must submit a written request to LAHD for approval. Failure to do so will result in recalculation of the project's LAHD score, which may result in LAHD rescinding your admittance into the AHMP program, if the recalculated score is lower than the LAHD final score. If the recalculated score is less than the total point score of the lower ranking project in the sort order in which the project competed, then the project may be excluded from the AHMP admitted list. Please note, HACLA recently announced the PBV NOFA for the Fall 2022 Round. Please visit the Unofa website for more details.
<b>GENERAL QUESTIONS</b>			
53	General	At its September 28th hearing, CDLAC's board approved a 90-day automatic extension for all projects that received allocations in Round 1 of 2022 due to rapidly rising interest rates and construction pricing. These market conditions are creating funding gaps in projects across the state. CDLAC issued this blanket 90-day extension to allow projects time to solve these funding gaps. How will LAHD handle projects with existing CDLAC allocations that need additional gap funding to overcome challenges created by the inflationary market conditions?	The AHMP program does not preclude a project from applying to the AHMP program. However, each application will be subject to the same requirements, including the threshold, scoring, ranking, and selection process pursuant to the AHMP guidelines. Additionally, the AHMP NOFA results are proposed to be tentatively published in January 2023.
54	General	If a project received a previous admission in to the AHMP but intends to apply for this next round for additional funding, does our previous admission into the pipeline get rescinded by our new submission, or would it stay in place unless we get a new admission into the pipeline under the new application?	The AHMP program does not preclude a project from applying to the AHMP program. However, if the project is currently admitted in the AHMP, LAHD will rescind the admitted status at the time of the new application submittal.

	Section	Question	Answer
<b>PROFORMA QUESTIONS</b>			
55	Proforma	For 20-year Cash Flow tab, I need to include the HCD Mandatory Debt and LAHD Annual Bond Issuer Fee as part of the adjusted NOI and not as part of the annual debt service residential. That will affect my DSCR. Please advise on where to include the HCD Mandatory Debt and LAHD Annual Bond Issuer Fee.	For 4% LIHTC projects, please submit the completed UNOFA as-is and upload it in the Financial Proforma tab, <b>but also submit</b> a developer's version of the project's proforma by uploading the document in the "Miscellaneous" section of the Supporting Documents tab. This solution will avoid undue burden on the applicants who have already completed the UNOFA proforma by asking them to transfer all the numbers to a revised template.
56	Proforma	For 20-year Cash Flow tab, while I am able to add a line under line 63, I cannot add formulas. Cells are locked. As such, I had to combine all of HCD's RR loans as seen below. Is this how LAHD wants to see the RR split? If not, please add more lines for RR lenders with appropriate formulas or just unlock workbook.	For 4% LIHTC projects, please submit the completed UNOFA as-is and upload it in the Financial Proforma tab, <b>but also submit</b> a developer's version of the project's proforma by uploading the document in the "Miscellaneous" section of the Supporting Documents tab. This solution will avoid undue burden on the applicants who have already completed the UNOFA proforma by asking them to transfer all the numbers to a revised template.
57	Proforma	My project is a 4% project and therefore, I should not need to complete tabs D.8.a-D.8.c. However, the Total Adjusted Threshold Basis Limit (cell C24) in D.9b 4% Tax Credit Calc tab is referencing back to D.8.a 9% Threshold Basis Limit tab as oppose to D.9.a 4% TC Threshold Basis tab. See screenshot below. Also, I have already filled out the workbook so I would prefer sending you my workbook for you to please unlock and fix as oppose to issuing new workbook that I would have to fill out from scratch.	For 4% LIHTC projects, please submit the completed UNOFA as-is and upload it in the Financial Proforma tab, <b>but also submit</b> a developer's version of the project's proforma by uploading the document in the "Miscellaneous" section of the Supporting Documents tab. This solution will avoid undue burden on the applicants who have already completed the UNOFA proforma by asking them to transfer all the numbers to a revised template.
58	Proforma	Tab D.9.b. 4% Tax Credit Calc Tab has an error. Cell C24, Total Adjusted Threshold Basis Limit appears to be pulling from the 9% Threshold Basis Limit Tab and not the 4% Basis Limit Tab. See screenshot below. Would you be able to help us fix this please? Also the 4% tab is capping the annual amount of 4% credits at \$2,500,000 which is the 9% limit. There is no limit on annual 4% credits.	For 4% LIHTC projects, please submit the completed UNOFA as-is and upload it in the Financial Proforma tab, <b>but also submit</b> a developer's version of the project's proforma by uploading the document in the "Miscellaneous" section of the Supporting Documents tab. This solution will avoid undue burden on the applicants who have already completed the UNOFA proforma by asking them to transfer all the numbers to a revised template.

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59	Proforma	Under D.6 Unit Mix & Rents, Allowable Rents by Funding Source (Line 118), I am only able to select "Other" for the columns after TCAC and LAHD. I cannot select other funding sources. See error message below:	For 4% LIHTC projects, please submit the completed UNOFA as-is and upload it in the Financial Proforma tab, <b>but also submit</b> a developer's version of the project's proforma by uploading the document in the "Miscellaneous" section of the Supporting Documents tab. This solution will avoid undue burden on the applicants who have already completed the UNOFA proforma by asking them to transfer all the numbers to a revised template.

Thank you for submitting your inquiries regarding the NOFA. As published, the last day to submit questions regarding the regulations was October 18, 2022 and therefore, we are no longer answering new questions at this time.

Questions regarding the UNOFA application system will continue to be answered during regular business hours (M-F 8 am - 5 pm). Please also use the FAQ to find application related Q&As.