The Los Angeles Housing + Community Investment Department (HCIDLA) is posting the following Questions and Answers (**Q & A - Set 2 <u>Modified</u>**) regarding the 2021 Affordable Housing Managed Pipeline proposed regulations. Included are 1) Tentative Application Timeline, 2) Revised Scoring Rubric

More information can be found online at: https://hcidla2.lacity.org/partners/affordable-housing-managed-pipeline

	Section	Question	Answer
	Section 1 General Provisions		
1	Section 1.10.4 Payment and Section 1.10.10 Repayment	Accrued construction loan interest is effectively paid at the permanent loan conversion, but the language in this paragraph, and in the loan documents, is confusing, in that it says the interest is due within 60 days of project completion. Paying during construction would unnecessarily increase cost, and in practice, HCID collects its interest at the permanent loan conversion. VCH recommends adjusting this sentence as follows, "…shall be due ~~sixty (60) days after the date of project completion, but~~ no later than permanent loan conversion."	This section will be amended to clarify: 1) calculation of construction period interest will begin from the date of the first disbursement to the recordation of a Certificate of Occupancy; and 2) payment of construction period interest shall be due on or before permanent conversion.
2	Section 1.10.6 Conditions for Conversion	6th bullet, should allow for the concurrent payment of the interest accrued to HCID during construction with the conversion.	Please see above.
	Section 2 Threshold Provisions		
3	Section 2.12.1 Appraisals	Please revise this section as follows: "If the appraisal report was used to support the purchase price for an Exclusive Negotiation Agreement (ENA), **<u>a Disposition and Development Agreement (DDA)</u>**, and/or a Joint	HCIDLA uses federal funds and HUD regulations require a current appraisal. Therefore, an appraisal is required at the time of application for all projects. However, for government agency procured appraisals, we will accept a disclaimer that purchase price is subject to a future

	Section	Question	Answer
		Development Agreement (JDA) and the appraisal report was prepared within 180 days of execution of the ENA or JDA, then HCIDLA shall accept that appraisal report for this subsection." Depending on the public agency partner (City of Los Angeles, Metro, HACLA) the appraisal may be done in association with any one of these agreements.	appraisal. If the budget reflects a different amount, we will require an explanation of purchase price differential. We will also require how price increases will be financed with sources other than HCIDLA funds.
4	Section 2.12.1	Please revise this section as follows: "If the appraisal report was used to support the purchase price for an Exclusive Negotiation Agreement (ENA), a **Disposition and Development Agreement (DDA), Ground Lease** and/or a Joint Development Agreement (JDA) and the appraisal report was prepared within 180 days of execution of the ENA or JDA, then HCIDLA shall accept that appraisal report for this subsection." Please note that in many HACLA projects, the appraisal has been prepared in connection with the execution of the DDA or Ground Lease, not as part of an ENA.	Please see above.
5	Section 2.12.1	Please revise the second paragraph as follows to allow applicants to meet the requirement by providing the appraisal report utilized by the public agency to determine the purchase price or ground lease payment regardless of whether the appraisal report was dated within 180 days of the execution of the ENA or JDA because negotiation of these documents often take longer than 180 days and public agencies do not obtain updated	Please see above.

	Section	Question	Answer
		appraisals during the negotiation process: "If ~~the~~ a specific appraisal report was used by a public agency to ~~support~~ determine the purchase price or ground lease payment for an Exclusive Negotiation Agreement (ENA) and/or a Joint Development Agreement (JDA) ~~and the appraisal report was prepared within 180 days of execution of the ENA or JDA~~, then HCIDLA shall accept that appraisal report utilized by the public agency for this subsection. In this case, an updated appraisal is not required, and the original appraisal shall be sufficient for the NOFA application submittal." For the above-stated reason, delete the last paragraph in section 2.12.1.	
6	Section 2.2.1 or 2.12.1	Is an executed Exclusive Negotiation Agreement (ENA) sufficient for Site Control for the AHMP application?	Please see above
7	2.2.1	We advise allowing developers to confirm/demonstrate that they will be purchasing a site of the existing site control document terminates prior to the 60-day period required post-application deadline.	Please see Q & A- Set 1
8	2.2.2	The proposed new language requires a Voluntary Acquisition Letter from the public agency that will be entering into a long-term ground lease with the applicant/developer. Please clarify who the letter is supposed to be addressed to, and what the content of the letter should address. Often public agencies that are entering into ground	The Voluntary Acquisition Letter should follow the same guidelines as all other acquisitions. The applicant shall address the letter to the agency that is the current owner and who is entering into the acquisition documents.

	Section	Question	Answer
		leases have made the site available through an RFP process, so these transactions do not resemble typical private party transactions.	
9	Section 2.8	Non-LIHTC projects present significant challenges, especially to small nonprofit, community organizations and community land trusts that do not have cash on hand to invest in non-LIHTC properties. Based on the availability of philanthropic funding, we'd recommend requiring no more than 10% equity for non-LIHTC projects.	Section 2.8 will be revised as follows: A minimum of 20% equity is required for all projects, of which half could be contributed land value by an entity that is/ will be part of the ownership structure. Equity shall be the equivalent to ownership stake, monetary and non-monetary; i.e, land.
10	Section 2.8	Does 50% Equity refer to Credits awarded or Equity raised?	See above.
11	Section 2.8	Does HCIDLA-contributed land value count towards the TDC calculation?	See above.
12	Section 2.8	Please define what sources will be considered equity.	See above.
	Section 3 Underwriting, Cost, and Pricing Guidelines		
13	Section 3.5 Developer Fee	All projects (not just 9% and 4% acquisition and rehab projects) should be permitted to structure the developer fee in accordance with the latest approved CTCAC and CDLAC requirements. This streamlines the application process and reduces administrative burden.	HCIDLA published policies reference the CTCAC regulation sections as guidance for the 9% structured projects. The HCIDLA regulations will be revised to mirror the current TCAC regulations for new construction, rehabilitation only, or adaptive reuse projects that are structured with 4% LIHTC, with an exception. HCIDLA requires the excess developer fee to

	Section	Question	Answer
			be contributed back as equity and not deferred.
	Section 5 Selection Criteria		
14	Section 5.1.1.C No Relocation	We understand the policy goals behind the points associated with the relocation category to dis-incentivize developers from developing sites that will permanently relocate residential tenants. However, the reality is that as affordable housing developments become more common in high opportunity area, most of the time these sites are not vacant but are significantly underutilized. By having such a large penalty on sites that require any permanent relocation of resident tenants, it tends to incentivize developers to develop in TOC transit nodes in low resource areas of Los Angeles, since folks can get the same points (pretty much) if in TOC 3 or TOC 4 transit nodes than those sites in high opportunity areas. We would suggest that HCIDLA either create a tiered approach - <u>such as 2 points available for permanent residential relocation up to 10 non RSO apartments; and 4 points available for no permanent resident relocation</u> OR; <u>we'd suggest that HCIDLA reduce this point category to 2 points.</u>	HCIDLA-funded projects must adhere to federal, state, and local laws and regulations pertaining to relocation of tenants and businesses. In order to address the urgency in providing affordable housing in an efficient and timely manner, points will be awarded to projects that have no relocation or for which relocation is minimized. Nevertheless, HCIDLA agrees with some of the comments and proposes to revise this section as follows: a) No Relocation- Projects that will not require permanent relocation of residential tenant/s, shall be awarded Four (4) points. b) Relocation of 10% or less - Projects that will require permanent relocation of residential tenants that equate to 10% or less, of the total new proposed units, shall be awarded Two (2) points Additionally, some comments requested full points for relocation of public housing residents. However, as previously described, HCIDLA is targeting projects that are ready for the next TCAC rounds. Second, recent changes to State programs, like SB 330, require owners of certain projects resulting in a loss of existing and in some cases, prior existing housing units, to replace these units on a one-for-one-basis and extends the affordability period of all density bonus projects from 30 years to 55 years from the date of Certificate of Occupancy. Therefore, HCIDLA will not make this change at this time.

	Section	Question	Answer
15	Section 5.1.1.C	If the goal is to reduce displacement, it should be done as a ratio, as relocating a few people to building a whole project is generally worthwhile and appropriate. If the goal is readiness, relocation should not apply. In our projects that will eventually require relocation, we prefer to demolish them early or keep them leased until closer to construction. We keep them leased to 1) avoid the multitude of issues that come with owning a vacant building in the City of LA and 2) reduce early predevelopment costs of relocation and site security. If the City is willing to fund demolition before construction, then this would be more appropriate.	Please see above.
16	Section 5.1.1C	We are concerned about the blanket four points to be awarded to projects that require no relocation. It is not uncommon that site planned for redevelopment of affordable housing will require some level of relocation—whether it be commercial or residential. While we appreciate the policy goal to limit relocation, we recommend that HCID instead consider some sliding scale for points in this category, or eliminate the points altogether and instead require as a threshold item that all projects requiring relocation must redevelop the site with at least twice as many units as those being demolished/households displaced. At a minimum, we believe there should be no scoring penalty for projects that are subject only to commercial relocation.	Please see above.
17	Section 5.1.1.C	Relocation – We suggest that if there are 4 or	Please see above.

	Section	Question	Answer
		fewer occupied units on a site where the overall development will result in 10 times as many units that the points be awarded (many sites have units above a commercial building, a house, duplex or several rental units but can yield many more units given zoning incentives for affordable housing)	
18	Section 5.1.1.C	We are concerned about the provision of a blanket four points for no relocation: "Projects that will not require permanent relocation of residential tenant/s, shall be awarded Four (4) points." We have two concerns: One, this point award seems excessive for this category and therefore it carries too much weight. Two, and more importantly, the way projects qualify for these points is too blunt, simply by not requiring any "permanent relocation." As proposed, this category does not distinguish between relocating one tenant or 50, nor does look at the number of units created. We recommend that this category vary proportionately depending on the number of tenants relocated in comparison to how many new units are created. We suggest that the category award points if the project creates at least "twice the number" of units as tenants displaced. In addition, HCIDLA may want to consider staggering the points awarded by considering how many tenants are displaced or the ratio of tenants displaced to units created. Lastly, we recommend that the Department specify that this applies only to residential displacement and not to commercial displacement. We believe that the relocation of	Please see above.

	Section	Question	Answer
		commercial tenants should not be penalized.	
19	2.20 and 5.1.1.C	Revise the scoring criteria to allow projects converting occupied SRO units to studios or one bedroom units or resyndication projects that submit relocation plans and commit to offer residential tenants the right to return or projects that are only relocating commercial tenants to score full points in this category. Additionally, allocating 4 points to relocation seems to disproportionately raise the significance of this criteria and suggest that this point category be reduced to a maximum of 2 points.	Please see above.
20	Section 5.1.1.C	Projects which involve redevelopment of a public housing site in partnership with HACLA should be eligible for maximum points in this category. HACLA has very strict policies for the relocation and right to return of their own public housing residents, and the redevelopment of public housing must necessarily involve some permanent relocation (residents must be off site for greater than 12 months for new construction projects to be built). The public benefits of replacing the City's aging public housing stock with newly built units are such that these types of projects should be encouraged, not penalized. Note all public housing redevelopment projects must already meet HUD requirements with respect to relocation, as HUD must approve any redevelopment of public housing stock.	Please see above.
21	Section 5.1.1.C	Projects which involve redevelopment of a public	Please see above.

	Section	Question	Answer
		housing site in partnership with HACLA should be eligible for maximum points in this category. As part of HACLA's redevelopment efforts, the public housing sites are often redeveloped in phases which require the current residents of those communities to relocate temporarily during the construction period which could be greater than 12 months for New Construction projects. Even with a Build First solution, we are still "relocating" tenants when we move them into a new unit. Therefore, public housing redevelopment projects should not be penalized for relocation of current residents during the construction period, since all residents have the right to return and should be awarded a maximum of (4) points pertaining to the Relocation Category.	
22	Section 5.1.1.C	We understand HCIDLA's interest in elevating projects that do not result in displacement, but the proposed point category raises two concerns. First, the point weight seems excessive for this category, accounting for a full 40% of the proposed readiness points. We believe it is weighted too heavily in relation to the other readiness criteria. Second, the focus on zero permanent relocation ignores the benefits of adding density to Los Angeles' many underdeveloped parcels, where demolition of occupied units and new construction at higher densities would result in significant numbers of net new units. Recommendation: Reduce the point weight of this	Please see above.

	Section	Question	Answer
		category and concurrently increase the point weight of other readiness point criteria to maintain a total of ten readiness points. In addition, create an alternate pathway to achieve the points that focuses on densification, awarding points to projects that may result in permanent relocation but will create new units equal to at least double the number of displaced households.	
23	Section 5.1.2 Leverage of Committed Funding Sources	By placing such heavy emphasis on committed funding sources, we are concerned that HCIDLA is stepping away from a longstanding commitment to being a first-source financing opportunity. Recommendation: 1) Return to the previous AHMP leveraging construct where one category awarded points based on the ratio of HCIDLA resources to total development cost and another awarded points for committed, non-City of Los Angeles soft resources. 2) If HCIDLA leaves the point category as proposed, 1) exclude equity contributions from a related company on development team member in the same manner that deferred developer fee and related-party loans are currently excluded and 2) exclude "backstop" commitments from the Los Angeles County Department of Health Services as acceptable evidence of committed operating subsidies for the award of points.	This section shall be revised in three categories: 1) publicly-owned land, 2) operating subsidies. While the HCIDLA understands the majority of comments suggested using the AHMP program as a "first source" program. The City faces an emergency and must adopt policies that rapidly address the increasing demand for affordable housing. In order to address readiness and produce affordable housing units in a more timely manner, the proposed regulations award points to projects that already have outside funding sources. Projects that do not already have committed funding sources are not precluded from applying. Other comments suggested including City-owned properties as a committed source. HCIDLA has reviewed the comments and agrees with this change. The revised regulations will allow publicly-owned land to count as committed soft funds. The land value used as a committed source must be supported. If land will be donated, value must be supported by an independent, third-party appraisal consistent with section 2.12. If land will be donated via a seller's note, the term of the seller's note must meet the same terms as the "soft" loans terms. If land purchase terms include requirements that are in addition to the housing. scope of work; i,e, replacement

	Section	Question	Answer
			parking, the value of the land shall be reduced by the value of the increased costs. Second, one comment suggested excluding short term or "backstop" commitments as acceptable operating subsidies. HCIDLA agrees with this suggestion, given that there are no other funding sources that would replace these commitments other than project-based vouchers from the Housing Authority of the City of Los Angeles (HACLA), which are very limited and highly competitive. Tranche B loans shall be considered public funds only if the project has evidence of committed project-based vouchers HACLA.
24	Section 5.1.2	We hope that HCID reconsiders its points for projects that can have "enforceable commitments for permanent financing from non-City resources." We believe that the City of Los Angeles should provide a first source financing opportunity. The leveraging requirement often adds delays and additional legal expenses. The City should strongly consider being the first financing source so that local projects can leverage that commitment for fund that otherwise would not be available. Specifically, the local commitment is crucial for being able to secure funding at the state level with HCD. While we understand that this is a unique time in the funding cycles, in the long term we believe that HCID should allow its funding sources to be the first dollar for local affordable housing projects. If HCID is trying to incentivize developers to	Please see above.

	Section	Question	Answer
		leverage non-City financing sources, HCID should modify the scoring criteria to award points for leveraging other funding in its financing strategy regardless of whether the non-City funding sources are committed.	
25	Section 5.1.2	We strongly urge HCID to reconsider its position and instead commit to being first dollars in as a general policy, and not just for this 2021 NOFA. This is particularly important for projects competing in other funding programs (particularly those administered by HCID) to be able to submit a winning application. Furthermore, because HCID controls the 9% geographic pool and thus the tiebreaker, HCID is in a position to award funds to a project to ensure feasibility and move the project forward, without the need to rely on other sources of funding in order to boost the tiebreaker as is sometimes needed to compete in the set-aside pool(s). Finally, without an HCID funding commitment, it is very difficult to obtain an award of Project Based Voucher Section 8 funding from HACLA, so it is of great importance for HCID to commit to projects early to help projects move forward as quickly as possible during the application stage to other agencies.	Please see above.
26	Section 5.1.2	HCIDLA should revise its scoring criteria to award points for committed funds separately from leveraged funds: - Based on the reasoning shared during the stakeholder's meeting, HCIDLA is looking to prioritize projects that are ready to apply for the	Please see above.

	Section	Question	Answer
		July 2021 9% TCAC round. Consequently, it would be more appropriate for points for enforceable commitments for permanent financing from non-City sources be part of the readiness scoring criteria. While we understand that this is a unique time in the funding cycles, in the long term we believe that HCID should utilize its funding sources to be the first dollar committed for local affordable housing projects to help local projects leverage the City's funding commitment to secure County and Statewide funding. Consequently, this scoring criteria be removed from future rounds. - If HCIDLA is trying to incentivize developers to leverage non-City financing sources, HCIDLA should modify the scoring criteria to award points for leveraging other funding in its financing strategy regardless of whether the non-City funding sources are committed.	
27	Section 5.1.2	Committed funding should not be a point category. As one of the largest cities in the country, City of LA funds should be available as a first source for projects. Not only is this critical for housing production in Los Angeles, local funding makes projects competitive for other sources projects may leverage.	Please see above.
28	Section 5.1.2	Local funds are typically "first-in" due to the competitive nature of State funding, other soft sources and project based assistance. Requiring that leveraged funds already be committed to the project reduces access to funding sources.	Please see above.

	Section	Question	Answer
		Additionally, the managed pipeline admittance is an integral step in structuring projects which is necessary to determine funding eligibility for other gap sources of financing.	
29	Section 5.1.2	It appears that the City-owned sites are particularly disadvantaged in the scoring system, which seems counterproductive to advancing Los Angeles policy goals. We recommend HCID consider bonus points for city owned sites and, at a minimum, allowing the value of donated land on City-owned sites to count as committed and leveraged funds.	Please see above.
30	Section 5.1.2	Further to our priority comments above, we recommend that the value of donated land, including City-owned land, be counted as committed funding. Not including city-owned land in this calculation will significantly disadvantage projects that are advancing other City priorities for creating affordable housing. In addition, the emphasis on committed funding, significantly disadvantages all Los Angeles projects form competing for additional resources at the state and county level.	Please see above.
31	Section 5.1.2	At the stakeholders meeting, HCIDLA confirmed that donated land could be included in scoring as a committed funding source. As has been the case in previous AHMP regulations, will the latest regulations be revised such that publicly-owned land, including city-owned land, count as donated land, in order to ensure parity in scoring among	Please see above.

	Section	Question	Answer
		donated land projects?	
32	Section 5.1.2	If City-owned land is excluded, how will the scoring ensure parity between City-owned land and other donated land, especially from public agencies such as the County, State, etc., or private land with additional conditions for acquisition? These projects will be similarly scored across other criteria, in that they face similar terms, conditions, covenants, and restrictions in their ENAs/DDAs, but City projects will be relatively disadvantaged in scoring if City-owned land is excluded as a committed funding source whereas other donated land is included.	Please see above.
33	Section 5.1.2	In instances where a developer is assuming an HCID loan from an unrelated third party (i.e., not a resyndication), the HCID principal and interest being assumed should qualify as public funding. Otherwise this category creates a disincentive for developers to acquire existing HCID assets which are distressed and/or in foreclosure. In addition, a purchase price from an unrelated third party that is less than appraised value should be able to receive points in this section and/or in a separate scoring category worth 5 points (combined with reducing CHDO scoring to 5 points as suggested below).	Please see above.
34	Section 5.1.2	Will HCIDLA recognize a non-City noncommitted, controlled funding leveraging source (Such as LACDA AHTF, IIG etc.) to qualify or the .5 point for 1% in Sec. 5.1.2	Please see section 5.1.2

	Section	Question	Answer
		Evidence of Leverage of Funding sources? For example, if the State IIG application NOFA is release after the end of HCIDLA AHMP application due date and applicant demonstrates competitiveness for IIG in the funding plan, will HCID LA award points for this source although the source is not yet available?	
35	Section 5.3.1 Geographical Distribution	Many worthwhile projects, including resyndication, rehabilitation or conversion projects, that are not located in high TOC tiers or High and Highest Resource Areas may not meet one of these two categories and will have a difficult time competing. Because of this, we encourage HCID to award fewer points in the Geographic Distribution category. HCIDLA should also consider allowing projects in city council districts that have not met the goal of 222 supportive housing units approved per year to receive full points in this category. In addition, projects proposed on City-owned/City-RFP sites should be eligible to receive full points in this scoring criteria to support the City's efforts to utilize sites owned by the City to increase the supply of supportive and affordable housing.	The City is committed to promoting the equitable distribution of affordable housing on a Citywide basis. In response, in collaboration with the Housing Authority of the City of Los Angeles, the City adopted the Assessment of Fair Housing (AFH) Plan. As part of the 2018 Proposition HHH Loan Program, HCIDLA incorporated two AFH recommendations; 1) prioritizing projects located in a Transit Geographic Distribution, and 2) use of the City's Transit Oriented Communities Affordable Housing Incentive Program (TOC). The proposed changes to the AHMP regulations are now incorporating the same recommendations from the AFH Plan and will award points to sites located within either or both (the City's TOC areas and TCAC's Opportunity Areas). Understanding the comments regarding sites already in predevelopment not in these areas, HCIDLA proposes to lower the point scale for this NOFA. However, the HCIDLA will be reevaluating the points scale for future rounds. Points scale shall be revised as follows: TOC Tier 4/ TOC Tier 3 = 5 points TOC Tier 2/ TOC Tier 1 = 3 points Or TCAC Highest/ High Resource Area = 5 points Plus, (1) point of the site falls in both; a TOC Tier 4 or 3

	Section	Question	Answer
			and TCAC Highest/ High Resource Area
36	Section 5.3.1	While we appreciate that HCIDLA will be rewarding projects that are being developed in high and highest opportunity areas which aligns with the State's goals and priorities of the existing State programs, HCIDLA is applying the same weight in scoring to TOC 3 & TOC 4 areas of City LA and equating (from a scoring perspective) TOC 1 & TOC 2 areas to High Resource areas in terms of points. We propose that HCIDLA increase the 'high' opportunity area scoring to 9 points, leave the highest opportunity areas at 9 points and continue to include the bonus point for being in both a TOC ¾ & High/Highest Opportunity Area. We recommend that HCIDLA reduce the points for being in TOC 3 & TOC to 7 points and TOC 1 & TOC 2 to 3 points. This would allow for HCIDLA to better align its program with the State's priorities and goals to achieve greater competitiveness for City projects obtaining tax credits and bonds. The above recommendation would look like this: A. Project Site is within TOC a. TOC Tier 4 or TOC Tier 3 (7 points) b. TOC Tier 2 or TOC Tier 1 (3 points) or B. Project site is within Highest Resources Areas (9 points) Project site is located in both TOC Tier 4 or Tier 3, and High or High Resource Area (1 point)	Please see above
37	Section 5.3.1	Overall, we support the idea of signaling to developers that future projects should be located	Please see above

	Section	Question	Answer
		in high TOC tiers and/or High/Highest Resources areas. However, because HCID has not issued a Call for Projects in multiple years, there are many projects in the development community's collective pipeline where acquisition risk has been taken in anticipation of submitting to the Managed Pipeline, and those projects are located in lower TOC tiers. The proposed language is likely to leave out important projects in areas of South Los Angeles and large parts of the San Fernando Valley that were acquired and will likely provide PSH or family units, that will be unsuccessful based on this scoring system. We recommend that HCID to award fewer points for this category for the 2021-2022 cycles.	
38	Section 5.3.1	Community Corp. supports the distribution of affordable housing throughout all communities across the City. To this end, this policy decision is an important tool that incentivizes developers to bring affordable housing into communities that have not seen much built.	Please see above.
39	Section 5.3.1	The Geographic Distribution scoring criteria penalizes HACLA redevelopment projects which are mostly located in economically disadvantaged communities. These properties were sited based on bias and NIMBY-ism by early residents of the City of Los Angeles in the 1940's and 1950's. This policy will perpetuate such NIMBY-ism by not allowing reinvestment in these areas. The following properties are either under active redevelopment or identified to undergo	Please see above.

	Section	Question	Answer
		redevelopment under HACLA's 25-year Vision Plan: Gonzaque Village, William Mead Homes, Rose Hill Courts, Rancho San Pedro, Estrada Courts, Imperial Courts, Ramona Gardens, Avalon Gardens, and Pueblo del Rio. Many of these properties are not located within CTCAC's Highest or High Resource Areas, or are located in the lower TOC Tier. HACLA is committed to making every effort to redevelop these existing sites and would request HCID/LA to provide full points to multi-phase public housing redevelopment projects even if they are not located within the Highest Resource Area or TOC because they are focused on providing equity and place-based investment.	
40	Section 5.3.1	Overall we are supportive of the recent push to build housing near public transportation. However, with the points in this section designated for high TOC tiers or High and Highest Resource Area projects, many worthwhile projects that do not meet one of those two categories will have a difficult time competing, in particular in parts of the City like in South LA and large parts of the San Fernando Valley. Because of this, we encourage HCID to award fewer points in the Geographic Distribution category.	Please see above.
41	Section 5.3.1	We understand and support HCIDLA's desire to incentivize location in transit-rich areas and areas of opportunity. Regarding the points for location in high or highest resource areas, we note that the	Please see above.

	Section	Question	Answer
		research does not reveal demonstrably different social outcome indicators for location in areas with the highest resource levels versus those with high resource levels. This is why the TCAC regulations do not differentiate between high and highest resource in offering various location-based incentives, and we believe HCIDLA should not create this distinction either. Recommendation: Offer the same points for projects in high and highest resource areas.	
42	Section 5.3.3 Site Efficiency	We would recommend making this a density calculation rather than a flat 60 unit threshold. Furthermore, a per bed comparison might be more appropriate than a per unit comparison since a multi-room unit appropriate for a family is a single unit but houses more people than a single studio unit. (One possible solution would be to use the TCAC threshold basis limits to provide a more nuanced metric that takes project size, unit mix, and other unit project features into account.)	HCIDLA agrees that rather than a flat 60-unit threshold, site efficiency may be better achieved based on a density calculation. Therefore, HCIDLA will amend this section to show the maximum points will be awarded to applications that have at minimum a density of 100 units per acre.
43	Section 5.3.3	We understand the desire to incentivize larger projects, but would recommend that HCID consider some sort of calculation that measures the ability to maximize density on a given site instead of a flat 60-unit threshold. Furthermore, a per-bed comparison might be more appropriate than a per-unit comparison given the large differences between PSH and family projects.	Please see above.
44	Section 5.3.3	Sixty (60) units does not in and of itself create site-efficiency. We'd recommend giving points to	Please see above.

	Section	Question	Answer
		projects that maximum density through a by-right entitlement. Or at minimum, align with TCAC's tie breaker bonus for projects of 50 units or more.	
45	Section 5.3.3	We would suggest that HCIDLA increase the site efficiency point category (which could be more fitting to call this category project size efficiency) to 75 units. This wouldn't mean that applicants with smaller developments couldn't apply. With AB1763 available for all affordable housing developers in City LA, we're able to do 75-unit projects on 15,000 sf sites.	Please see above.
46	Section 5.3.3	Site efficiency should be based on density, not a unit threshold. We understand the interest of developing the greatest number of units, but HCID should also allow smaller sites that may not easily achieve 60-units. In the City of LA (especially when high resource, TOC, and cost efficiency are considerations), land is tough to assemble and expensive. The City should be looking for developers to maximize the land that they are working with. For family housing with two- and three-bedroom units, this could be particularly onerous. Additionally, for larger sites, 60 units could be underutilizing the site.	Please see above.
47	Section 5.3.3	Please note that the City's current Site Plan Review threshold of 50 units discourages projects over 50 units, as such projects would trigger Site Plan Review and CEQA, costly and - 3 - time-consuming processes. While we applaud a more efficient project size, such as 60 units, developers	Please see above.

	Section	Question	Answer
		will continue to propose projects that are 49 units or less in order to avoid Site Plan Review/CEQA. We encourage HCID to join us in advocating for the elimination of Site Plan Review for 100% affordable housing projects (see also SCANPH's policy recommendation).	
48	Section 5.3.3	HCIDLA should revise this criteria to award points based on a density calculation rather than a flat 60 unit threshold because density is a better indicator of efficient use of a site. In addition, a flat 60 unit threshold might encourage scattered site projects and make it difficult for projects that are converting SRO units to studios and one-bedroom units to compete.	Please see above.
49	Section 5.4 Bonus Points	Will the projects electing the Bonus – Enhanced Accessibility Program points be allowed to increase the overall per unit construction cost given that the requirements in the program require specialized construction features?	The Enhanced Accessibility Program (EAP) is an elective program and projects that incorporate features from the EAP list are awarded points under this category. The EAP program is not a threshold requirement and therefore costs associated with the EAP will not be included as cost adjustment factors in Section 5.3.4
50	Section 5.4	Enhanced Accessibility Program (bonus points) will add costs to the overall project. This seems to be a conflict with HCIDLA's cost efficiency scoring category. Consider that if this is made a points category, all applicants will feel obliged to do it.	Please see above.
51	Section 5.6.6 Priority Order of LA City Goals	HCID should maintain or raise their original goal of 300 units of supportive housing, not lower it to 250	HCIDLA appreciates the comment, however, this section will not be amended at this time. The unit's goal takes into consideration issues related to available HCIDLA

	Section	Question	Answer
			funds, project based vouchers, and outside leveraging sources.
52	Section 5.6.6	Is there an opportunity to prioritize senior deals that are below the 50-unit threshold?	Section 5.6.6 does not reference a unit threshold.
	Section 7 Project Readiness		
53	Section 7.15.1 Supportive Services Plan for Supporting Housing Units	Please make the Accessible Housing Program unit plan separate from the Supportive Services Plan. This should be required for all projects and not just supportive housing.	HCIDLA will revise and separate these items.
	EXHIBITS		
	Section 2.5 Applicant's / Borrower's Certification Statement Form	This section contains outdated references to scoring sections that are no longer applicable (i.e., Community Benefit Integration and Special Needs Populations).	HCIDLA will revise the Exhibit accordingly.
	Attachment 2.7 Supportive Services Plan	Threshold Checklist. 2.7. Supportive Services Plan. At initial application to the AHMP, supportive services plan and the final populations to be served may not be finalized. In addition, with supportive service funding coming primarily from the County, other programs rely on the County Department of Health Services to ensure the plan is sufficient. At a minimum, we recommend that the Supportive Service Plan be moved to "Project Readiness" opposed to initial	HCIDLA will revise the Exhibit accordingly.

	Section	Question	Answer
		Application.	
	COMMENTS		
	Primary comment 1	While we understand the need to prioritize readiness to secure projects for the second competitive tax credit round this year, these guidelines are establishing priorities well beyond 2021. As when the Affordable Housing Managed Pipeline was created, one key benefit of the pipeline was to secure a city commit early, which allowed city of LA projects to successfully compete for additional leveraged funds from other agencies. This early commitment also minimized risk and increased confidence of acquisition and predevelopment lenders who then were able to expand available resources for the early phase of the development process. With this goal in mind, we'd recommend: HCID create and maintain a schedule for the AHMP that allows for application at least annually, if not biannually, and accept projects into the pipeline for at least two years of competitive bond and tax credit rounds. ● Length of commitment should provide sufficient time to compete for leveraged resources, in many cases will require more than one, be extended to 24 months, with additional 12-month extension granted, if a project hasn't moved forward at no fault of the developer. ● Calculate Leverage based on anticipated sources, rather than committed funds with	HCIDLA appreciates your comments. The current NOFA announcement incorporates two TCAC funding rounds, 2021 Round 2 and 2022 Round 1, plus an additional round if necessary.

	Section	Question	Answer
		additional 12-month extension granted, if a project hasn't moved forward at no fault of the developer. Calculate Leverage based on anticipated sources, rather than committed funds	
	Minimum unit count	Putting a minimum unit count on projects in the Affordable Housing Pipeline further limits the ability of Affordable Housing developers to compete for available sites. Additionally, putting a minimum unit requirement limits the ability of Affordable Housing developers to develop donated sites and publicly-owned sites. A unit count minimum also forces Affordable Housing developers to focus on those geographic areas where Transit Oriented density bonuses are available -- thus limiting the collation of Affordable Housing among Los Angeles' diverse neighborhoods underserved by public transit. Accordingly, I urge you to reconsider putting a minimum unit requirement on projects in the Affordable Housing pipeline.	The HCIDLA regulations do not require a minimum unit count.
	Comment	No scoring criteria was included for organizations that reduced previous HHH commitments by 20%. In the spirit of working together and for promised incentives, we agreed to reduce our Pointe on La Brea loan amount by 20%. We did not have the opportunity to apply the returned funds to any of our other projects (as the second incentive would have granted), but we expect to take advantage of whatever scoring criteria would be offered in this funding cycle. For reference, we	This only applies to a future Proposition HHH Funds NOFA, and not to this current AHMP NOFA.

	Section	Question	Answer
		have attached our revised funding commitment for Pointe on La Brea, which states: "if your organization reduces the amount of requested HHH funds for any project by at least 20% to help keep the HHH program operating, the following benefits will accrue to your organization: ● HCIDLA will adopt scoring criteria for future funding cycles that take into consideration the return of HHH funds from prior commitments; and ● Upon request, the total HHH funding commitment that your organization surrenders may be applied to other supportive housing projects that your organization has recently submitted to the 2018-19 Call for Projects Round 1, provided that all threshold criteria are met." We would like HCIDLA to honor that commitment in this funding round.	
	Misc	Is there another Notice of Funding Availability slated for the 2022 for the projects that are not eligible for this funding round?	HCIDLA appreciates your comments. The current NOFA announcement incorporates two TCAC funding rounds, 2021 Round 2 and 2022 Round 1, plus an additional round if necessary.
	SRO	● Will a reduction in total unit count or less than doubling of units be permitted? ● If relocated tenants will be offered a right to return and a relocation plan is submitted with the application, can the project receive full points under "no relocation"? ● Will these units be considered new construction if existing units have to be	At this time, HCIDLA does not intend to provide a set-aside for conversion of SRO buildings. However, please refer to Section 2.20 Relocation for specific requirements regarding demolition and replacement of Residential Hotels.

	Section	Question	Answer
		demolished in order to convert SRO units to studios or 1BR apartments? Or will these projects be considered preservation projects? ● If a project involves rehabilitation or conversion of SRO units to studios or 1BR units as well as the construction of new units, can the new units being added to the project or the project compete in the first priority category for Supportive Housing?	
	Non-LIHTC Projects	● Provide a separate term sheet or clear parameters since they are mixed in with the 4% and 9% LIHTC projects ● Should automatically receive leveraging points, don't reward for finding another source, idea is to move fast ● Also want diversity of developers, so don't require LIHTC experience from developer and property managers ● 20% minimum equity requirement – We suggest that any equity associated with the value of land contributed by the ownership/developer be counted toward this minimum	Please see Section 2.8 regarding changes to the equity requirements. Non-LIHTC projects must adhere to the same regulations as projects proposing to use LIHTC.

PROPOSED TIMELINE

Table 1: Implementation Calendar – AHMP NOFA	
Publish Final Regulations- pending City Council/ Mayor Approval	March 26, 2021
Open NOFA Application	April 7, 2021
Tentative NOFA Application Deadline	May 10, 2021
Post List of Applications received	May 14, 2021
Initial Recommendations	June 2021
Appeals	June 2021
Final Recommendations to City Council and Mayor	June 2021

REVISED SCORING RUBRIC

SCORING SUMMARY COMPETITIVE CRITERIA	
Category	**Maximum Points**
Financial Efficiency (25 Points) 1. Readiness A. Entitlements i. LADCP or LADBS approval (4 points); or ii. Affordable Housing Referral form has been submitted to LADCP (2 points); B. Competitiveness – Project will attain the maximum CTCAC points (2 points); C. Relocation – Project will not require relocation (4 points); or "10% Relocation" – (2 points) 2. Leverage - Committed Funds (15 points)	**10 Points** **15 Points**
General Partner, Management Company, and Borrowing Entity Characteristics (29 Points) 1. General Partner Experience; 2. Property Manager Experience; 3. Borrowing Entity is a CHDO.	**12 Points** **7 Points** **10 Points**
Other Policy Objectives (36 Points) 1 Geographic Distribution A. Project site is within TOC i. TOC Tier 4 or TOC Tier 3 (5 points); ii. TOC Tier 2 or TOC Tier 1 (3 points); <u>or</u>, B. Project site is within the Highest or High Resource Area (5 points) and, C Project site is located in both TOC Tier 4 or Tier 3, and Highest or High Resource Area (1 point); 2. Extremely Low-Income units 3. Site Efficiency – New Construction 4. Cost Efficiency – Adjusted TDC/unit vs Average TDC/unit.	**6 Points** **10 Points** **5 Points** **15 Points**
Sub-total possible points before bonus points	**90 Points**
Bonus – Enhanced Accessibility Program points	**10 Points**
TOTAL POSSIBLE POINTS	**100 Points**