SOUTH BAY
REGIONAL HOUSING TRUST

Draft Affordable Multi-Family Loan Program Guidelines

OCTOBER 15, 2026 – 3:30PM

BACKGROUND

- Trust will receive LACAHSA funding annually
  - Approx. $5.6 million in PPO – New Construction
  - Approx. $1.7 million in PPO – Flexible
- PPO – New Construction must be used for new units
- PPO – Flexible can be used for new or existing units
- Guidelines do not determine how much of the Trust's funding is put into this loan program.

PROGRAM OVERVIEW

- Create a residual receipts loan program for gap financing of new construction affordable housing developments.
  - Residual Receipts: the amount of rental income remaining after all other expenses have been paid, including debt service.
  - Gap Financing: funding needed by a project that cannot be raised through debt financing as a result of restricted rents.
  - New Construction: Buildings that have never had a residential certificate of occupancy.

AFFORDABILITY REQUIREMENTS

- Matches LACAHSA affordability options:
  1. 10% of units Extremely Low-Income, 10% of units Very Low-Income, remaining units Low-Income;
  2. 10% of units Extremely Low-Income, 50 units or 50% of units (whichever is greater) Very Low-Income, remaining units up to Moderate Income; Trust can only fund Very Low-Income and below units; or
  3. 10% of units Extremely Low-Income, 10% of units Very Low-Income, remaining units can be market rate; Trust can only fund Low-Income and below units.

NOFA AND COMMITMENT TIMELINE

- Guidelines anticipate at least one, but possibly multiple NOFAs per year.
- NOFAs are issued by Trust staff, as funding is available.
- Funding awards will be valid for 12 months, with a possible 60-day extension by Trust Executive Director.
- This allows projects multiple attempts to apply for tax credits or other funding before seeking a commitment extension from the Trust.

LOAN TERMS

- Loan terms are typical for government soft loans in affordable housing projects:
  - 3% simple interest;
  - 55-year term;
  - Repaid through residual receipts – Trust will receive a pro-rata share of 50% of residual receipts, split among the other government soft lenders.

POLICY CHOICE

1. Maximum Award Amount
2. Scoring Criteria

MAXIMUM AWARD AMOUNT

Unit Size	Income Level		
	30% AMI	50% AMI	80% AMI
0 Bedroom	$210,000	$175,000	$125,000
1 Bedroom	$270,000	$230,000	$170,000
2 Bedrooms	$325,000	$285,000	$220,000
3 Bedroom or larger	$385,000	$335,000	$265,000

- Calculated based on cost to build unit, minus supportable debt from unit income.
- Does not provide an incentive to build a specific unit size or target a specific income level.

SCORING CRITERIA

- Six scoring categories:
  1. Developer Capacity;
  2. Financial Feasibility;
  3. Competitive Funding Scoring Analysis;
  4. Risk;
  5. Community Need; and
  6. Geographic Equity.

FEEDBACK & DISCUSSION

- Overall program design
- Maximum Award Amount
  - Do you want to incentivize specific unit sizes?
  - Do you want to incentivize specific income levels?
- Scoring Criteria
  - Which of the six proposed criteria do you want to keep?
  - Are there other criteria that you want to consider?
  - Rank the criteria in order of importance.

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