SOUTH BAY
REGIONAL HOUSING TRUST

SBRHT OFFICERS

Chair
VACANT
Vice Chair
Nina Tarnay

DIRECTORS

El Segundo
Michelle Keldorf
Ryan Baldino (alt.)

Gardena
Paulette Francis
Rodney Tanaka (alt.)

Hawthorne
Alex Monteiro
Katrina Manning (alt.)

Hermosa Beach
Rob Saemann
Dean Francois (alt.)

Inglewood
Eloy Morales
James Butts (alt.)

Lawndale
Bernadette Suarez
Pat Kearney (alt.)

Lomita
Bill Uphoff
Barry Waite (alt.)

Manhattan Beach
Nina Tarnay
Amy Howorth (alt.)

Rancho Palos Verdes
Stephen Perestam
George Lewis (alt.)

Redondo Beach
Paige Kaluderovic
Brad Waller (alt.)

Rolling Hills Estates
VACANT
Velveth Schmitz (alt.)

Torrance
David Kartsonis
Asam Sheikh (alt.)

HOUSING/HOMELESS EXPERTS

Michelle Ramirez
Michael Allen

AGENDA AND NOTICE OF THE REGULAR MEETING OF THE SOUTH BAY REGIONAL HOUSING TRUST BOARD OF DIRECTORS MONDAY, NOVEMBER 30, 2026 - 9:30 A.M.

SBCCOG Offices: 357 VAN NESS WAY, #90, TORRANCE, CA 90501 &

Via Zoom: www.zoom.us/join Meeting ID: 879 3160 9573 / Passcode: 142451

The agenda packet is available at the South Bay Cities Council of Governments' (SBCCOG) office at 357 Van Ness Way, #90, Torrance, CA 90501, and on the website www.sbrht.org. Copies are available via email upon request to David@sbrht.org. Any additional agenda documents that are distributed to a majority of the Board after the posting of the agenda will be available for review in the SBCCOG office during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Thursday, and on the South Bay Regional Housing Trust website noted above.

PUBLIC PARTICIPATION:

Your participation is welcomed at all Board of Directors meetings. Time is reserved at each regular meeting for those who wish to address the Board. SBRHT requests that persons addressing the meeting refrain from making personal, slanderous, profane, or disruptive remarks. A person who continues to disrupt the orderly conduct of the meeting, after being warned by the Board Chair or designee to cease the disruption, may be precluded from further participation in the meeting.

At a regular meeting, the public may comment on any matter within the jurisdiction of the SBRHT Board of Directors that is not on the agenda during the public comment period at the beginning of the agenda. The public may also comment on any item on the Consent Calendar prior to action taken on the Consent Calendar. For other agendized items, the public may comment prior to the item being considered by the Board. At a special meeting, the public may only comment on items that are on the agenda.

Members of the public are requested to state their name, city of residence, and the organization they represent (if applicable) prior to speaking. Comments are limited to a maximum of three minutes per person. The Board Chair may impose additional time limits at their discretion. Both written and oral comments will be part of the official record.

Members of the public may address the Board in the following ways:

1. **Verbal Comment In-Person/Virtual:** If you would like to make a verbal public comment, please complete a Speaker Request Form and provide it to staff. Forms will be made available to you by staff at the meeting. If participating through Zoom, please use the "raise hand" feature.
2. **Written Comment:** If you wish to submit written public comments to be distributed to the Board prior to or during the meeting, please submit these materials via email to David@sbrht.org at least 1 hour prior to the scheduled meeting time. Please indicate in the Subject Line of the email "FOR PUBLIC COMMENT."

I. **CALL TO ORDER – 9:30 A.M.**

II. **ROLL CALL**

III. **ANNOUNCEMENTS OF ANY CHANGES TO THE AGENDA**

IV. **PUBLIC COMMENTS – 9:35 A.M.**

V. **CONSENT CALENDAR ITEMS – 9:40 A.M.**

A. **October 15, 2026 Meeting Minutes** *(attachment)* **– Approve (Pages 6-12)**

B. **Invoices for Payment** *(attached separately)* **– Approve**

C. **Checks Issued Since October 15th Meeting** *(attachment)* **– Receive and File (Page 14)**

D. **Contract Amendments for SBCCOG and CivicHome** *(attachment)* **– Approve (Pages 16-19)**

Recommended Action: Approve the Consent Calendar

VI. **DISCUSSION/ACTION ITEMS**

At this time, members of the public in attendance may ask the Board to be heard on the following items as those items are called.

A. **Chair and Vice Chair selection** *(attachment)* **– Approve (Page 22) – 9:45 A.M.**

B. **Changes to the Joint Powers Authority Agreement per SB 799** *(attachment)* **– Approve for circulation to members (Pages 24-39) – 9:55 A.M.**

C. **Affordable Multi-Family Loan Program Draft Guidelines & Release of NOFA** *(attachments)* **– Approve (Pages 42-80) – 10:05 A.M.**

D. **Affordable Pre-Development Loan Program** *(attachment)* **– Provide Direction (Pages 82-108) – 10:15 A.M.**

E. **Proposed Budget for Priority Proposed Programs** *(attachment)* **– Approve (Pages 110-111) – 10:30 A.M.**

BEGIN RETREAT

F. **Review Retreat Agenda and Goals for the Session – 10:40 A.M.**

G. **Homeownership Program Possibilities and Additional Funding Opportunities** *(presentation)* **– 10:45 A.M.**
Kevin Umaña, SBRHT staff

H. **Naturally Occurring Affordable Housing (NOAH) 101 and Financing Ideas for Workforce Housing** *(presentation)* **– 10:55 A.M.**
Jennifer Keith – Managing Partner, ETHOS Real Estate

BREAK – 11:55 A.M.

I. **Lunch and Learn: Low Income Housing Tax Credit (LIHTC) 101 and Build-to-Own Technical Assistance Research** *(presentation)* **– 12:10 P.M.**
Brian D'Andera – Principal, The Apex Collaborative

J. **Community Development Finance Institutions (CDFI) and their role in Affordable Housing Finance** *(panel)* **– 1:05 P.M.**
Emma Chávez – Director, Western Region, Low Income Investment Fund (LIIF)
Darnel Grant – Community Development Officer, Genesis LA
Alex Stamas – Associate Director, Century Housing
Moderated by Adam Eliason, CivicHome

K. **Status Update on Trust Work Plan and Discussion of Member Cities' Goals and Priorities, Summary of Discussions – 2:45 P.M.**

L. **Look Ahead – Future Meeting Agenda Items** (Presented by Jacki Bacharach) **– 3:00 P.M.**
1) Compliance Monitoring Agreement
2) SBRHT Home Ownership Program proposal
3) Report on Community Interest in Preservation Programs
4) NOFA schedule

VII. **GENERAL ITEMS FROM THE BOARD – 3:05 P.M.**

VIII. **ADJOURNMENT – 3:10 P.M.**

IX. **NEXT MEETING** – Thursday, January 21, 2027, at 3:30 p.m. at the SBCCOG office

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Agenda Item V-A

October 15, 2026 Meeting Minutes

MEETING MINUTES OF THE
SOUTH BAY REGIONAL HOUSING TRUST BOARD OF DIRECTORS
THURSDAY, October 15, 2026 - 3:30 P.M.
SBCCOG Offices: 357 VAN NESS WAY, #90, TORRANCE, CA 90501 & Via Zoom
RECORDING IS ACCESSIBLE VIA THE FOLLOWING LINK: https://youtu.be/VtaP0roFBlo

I. CALL TO ORDER

South Bay Regional Housing Trust Chair Nina Tarnay called the meeting to order at 3:36 pm.

II. ROLL CALL

SBCCOG Senior Program Manager David Leger conducted a roll call. The following Directors and individuals were present:

In attendance were the following voting members:

Michelle Keldorf, El Segundo (arrived at 3:45pm)
Rob Saemann, Hermosa Beach
Nina Tarnay, Manhattan Beach
Stephen Perestam, Rancho Palos Verdes
Paige Kaluderovic, Redondo Beach
David Kartsonis, Torrance
Michael Allen, Housing Expert
Michelle Ramirez, Housing Expert

Other elected officials in attendance:

Rodney Tanaka, Gardena
Asam Sheikh, Torrance

Also in attendance were the following persons:

Brandy Forbes, Rancho Palos Verdes
Jeannie Naughton, Rolling Hills Estates Lauren Langer, Best Best & Krieger
Grant Henninger, CivicHome (virtual)
Tom Lane, South Bay Housing Solutions Working Group (virtual)
Christopher Truman (virtual)
Lisa Robinson (Virtual)
David Leger, SBCCOG
Jacki Bacharach, SBCCOG
Kevin Umaña, SBCCOG
Ronson Chu, SBCCOG

III. ANNOUNCEMENTS OF ANY CHANGES TO THE AGENDA - None

IV. PUBLIC COMMENTS

Christopher Truman, Torrance resident, requested that a home repair program for low-income senior homeowners, including owners of mobile homes in South Bay parks, be added to the retreat agenda and work plan. He noted that residential rehabilitation loans and grants, and mobile home rehabilitation or replacement, are eligible uses of Measure A funds under LACAHSA's guidelines. He stated this program could be supported by the Trust's approximately $1.6 million in PPO-Flexible funds available this year. Mr. Truman stated that Torrance's existing home improvement program covers ramps, grab bars, and water heaters but excludes major roof and HVAC work, and cited Hawthorne's mobile home repair grants of up to $25,000 as a practical model. Mr. Truman requested that staff and consultants return with options, including a modest set-aside for the impact of prevailing wage on small repairs, a deferred loan with recapture modeled on CalHome, and partnerships with Torrance's program and nonprofit providers, before the flexible funds are committed.

V. CONSENT CALENDAR ITEMS

A. July 17, 2026 Meeting Minutes (attachment)

Executive Director Jacki Bacharach requested to make one change to the July 17, 2026 Minutes. Specifically, attendee Tom Lane should be listed representing the South Bay Housing Solutions Working Group.

B. CivicHome September Invoice (attachment)

Recommended Action: Approve the Consent Calendar as amended

MOTION by Director Saemann , seconded by Director Kartsonis, to **APPROVE** the Consent Calendar, including corrections to the July 17, 2026 Meeting Minutes.
Yes: 6
No: None
Abstain: None
MOTION PASSES.

VI. DISCUSSION/ACTION ITEMS

A. SB 799 and Potential New Member Update

Jacki Bacharach reported that SB 799 has passed the Legislature and been signed by the Governor. The bill was sponsored by the SBCCOG, which thanked Senator Allen for his support and invited him to its November 19th meeting to recognize his service as he leaves office. The Senator has confirmed his attendance, and Board members were encouraged to attend. Staff also reported that work on amendments to the JPA agreement will take place over the next couple of months so that the agreement is ready for adoption in January. City managers have been asked to add the item to their January agenda preparation lists so member agencies can agendize it without delay.

Staff reported that the Gardena City Council voted unanimously last Tuesday to join the Trust. Because SB 799 was not yet in effect, the SBCCOG Board must ratify the Board members selected. Gardena named Councilmember Paulette Francis as its delegate and Mayor Pro Tem Tanaka as its alternate. A signed agreement is anticipated by November, at which point Gardena will become a member.

Housing Expert, Michelle Ramirez, asked that the city managers' notice be forwarded to Board members so staff could ensure follow-through. Ms. Bacharach clarified that the item was included in the monthly city managers' report rather than sent as a separate notice.

B. Affordable Multi-Family Loan Program Draft Guidelines – Provide Direction

Grant Henninger presented draft guidelines for an Affordable Multifamily Loan Program, noting the item was for discussion and not adoption. Mr. Henninger reminded the Board that the Trust expects to receive approximately $7.3 million in LACAHSA Measure A funding, consisting of about $5.6 million in PPO-New Construction funds and $1.7 million in PPO-Flexible funds. The Program is designed to use the new construction funds in full, with flexible funds added if no other uses arise. New construction funds must be used to build new units, while flexible funds may be used for rehabilitation, homeownership programs, and preservation activities. Mr. Henninger clarified that the guidelines set the program structure only; the Board will decide later how much funding to allocate to the program.

Mr. Henninger described the program as a residual receipts loan program providing gap financing for new construction of affordable housing. Residual receipts are repaid from rental income remaining after maintenance, property management, resident services, and senior debt service, so repayment will vary by year, with some years yielding no payment, over a typical 55-year term. Gap financing covers the difference between what a rent-restricted project can borrow and what it costs to build, and the program is intended to ensure funds go only to projects that need them. Mr. Henninger explained that "new construction" under Measure A means a building that has never had a residential certificate of occupancy. Office or retail buildings converted to housing qualify, while conversions of existing market buildings to affordable do not qualify as "new construction."Mr. Henninger presented three affordability options developers may choose from, which mirror the requirements LACAHSA passes through to the Trust under its enabling legislation (understood to be SB 679) and therefore not LACAHSA policy choice.

Mr. Henninger stated that the guidelines anticipate at least one Notice of Funding Availability (NOFA) per year, issued by staff based on available funding, with additional NOFAs possible if funds are freed up. The Board will decide on awards when applications are submitted. Awards would be valid for 12 months, with a possible 60-day extension granted by the Executive Director; longer extensions would require Board approval. The 12-month period is intended to allow projects multiple attempts at tax credit applications, as there are typically four to five application rounds per year. Proposed loan terms are 3% simple interest over 55 years, matching the term of the Trust's regulatory agreement. The Trust would receive a pro rata share of half of residual receipts, divided among government lenders (for example, if the Trust and the City of Hawthorne each contributed $5 million; each would receive 25% and the developer 50%). Mr. Henninger noted this is industry standard and consistent with the first project the Trust approved a couple of months ago.

Mr. Henninger then identified two policy questions for Board discussion. First, the maximum award amount is currently set per unit, with no overall cap, using a matrix based on unit size and income level, under which larger units and more deeply affordable units receive more funding. The amounts were designed to be revenue neutral for developers and can be adjusted to encourage particular unit sizes or income levels. Second, the proposed scoring criteria, which the Board may adopt, modify, or add to, includes six categories: developer capacity; financial feasibility; competitive tax credit scoring analysis; risk (primarily scheduling risk, such as environmental clearance, remediation, and entitlements); community need (inclusion of the site in the housing element, and service to veterans, large families, seniors, or special needs populations); and geographic equity. Geographic equity is based on each city's share of lower-income Regional Housing Needs Assessment (RHNA) numbers and is intended to prevent the Trust from repeatedly funding the same cities. Staff noted that the chart must be updated to reflect the Trust's new member city and future RHNA updates.

Mr. Henninger concluded by inviting overall Board feedback on the program design before discussing the two policy areas in detail. Chair Tarnay asked whether the Trust should set target percentages for the distribution of funds by unit size or focus on family housing. Mr. Henninger advised that percentage targets by unit type would be too narrow and would make it difficult to find matching developers. He recommended instead adjusting the maximum award amounts to encourage the unit types the Board prefers. Ms. Bacharach supported gathering better data on housing needs, including the balance between families and single residents, before incentivizing particular unit types.

Director Keldorf asked the Trust to prioritize units most likely to be built, which generally means those aligned with tax credit requirements with Mr. Henninger confirming that the proposed program's unit award falls within the tax credit framework. In response to Director Keldorf's feedback, Mr. Henninger noted that large family projects are currently the easiest to fund with tax credits, while Los Angeles County funding favors extremely low-income and special needs projects, creating some tension. He added that Trust funding can reduce a project's reliance on County funds.

On community need, Director Perestam asked whether demand indicators beyond the housing element and RHNA could be used so that measures are closer to actual market demand and can be tracked over time. Mr. Henninger responded that the criterion already includes priority populations (large families, seniors, special needs, and veterans), that populations could be added or removed, and that the Board may adjust the criteria at its discretion. On geographic equity, Director Perestam observed that a small number of cities account for most of the lower-income need and recommended either eliminating the criterion or keeping it at minimal weight as a tiebreaker. Mr. Henninger stated he would support making it a tiebreaker or removing it, and indicated that, if left to staff, only the tax credit competitiveness criterion would be retained. Director Perestam agreed with Mr. Henninger that the six categories overlap and should be consolidated, noting that financial feasibility, risk, and developer capacity could be combined into one or two categories (financial risk and implementation risk), and supported the specific priority populations over a default reliance on RHNA and housing element data.

Ronson Chu suggested prioritizing seniors, veterans, and people with disabilities, using geographic equity as a tiebreaker rather than a scored category so that larger, more feasible projects are not disadvantaged. Additionally, he suggested awarding additional community need points where a city contributes its own funds to a project, as Hawthorne did. Mr. Henninger cautioned that the Trust's JPA prohibits requiring cities to contribute funds and that, while a bonus would not violate the letter of that provision, it may conflict with its intent. Housing Expert Ramirez suggested that a bonus, additional points, or a tiebreaker could be structured to avoid a requirement.

Regarding what types of units the Trust should be prioritizing, Mr. Chu was inclined toward family housing but wanted more data, citing declining school enrollment alongside demand for studios and one-bedrooms from young professionals. Director Kaluderovic advocated for large family projects, noting that Redondo Beach lacks family housing, and asked how often priorities would be reviewed. Mr. Henninger reassured the board by stating the scoring criteria can be brought back to the Board approximately annually, or sooner if the Board requests changes, or the Trust receives funding with different requirements.

Overall, Mr. Henninger summarized the direction received: combine some scoring criteria, move geographic equity from the main list to a tiebreaker, adjust maximum award amounts to encourage units that maximize tax credit scores, and explore including city investment in the criteria. Mr. Henninger explained that the guidelines would return next month with revisions for approval, allowing the Trust to issue a NOFA in December or January and receive applications before the first 9% tax credit round next year, anticipated in March or April. The tax credit schedule is expected to be released in early December.

C. SDMRA Insurance Application (attachment)

Ronson Chu presented an action item to purchase insurance for the Trust, noting that three proposals were solicited: one was not viable, one was more expensive, and the recommended option is coverage through the Special District Risk Management Authority (SDRMA). The option requires membership in the California Special District Association, which pools risk among various JPAs to achieve lower costs. Mr. Chu recommended that the Board adopt a resolution supporting the Trust's membership in the Special District Association and authorize the Trust to become a party to the Joint Powers agreement so that it can purchase the insurance product. In response to Housing Expert Ramirez's question about the cost to join, Mr. Chu reported an annual membership fee of approximately $1,398 and an annual premium of $7,285, for a total of $8,683. Jacki Bacharach added that membership in the special district organization may provide additional opportunities for the Trust.

MOTION by Housing Expert Ramirez, seconded by Director Saemann, to **APPROVE** Low Income Housing Compliance Monitoring Program.
Yes: 7
No: None
Abstain: None
MOTION PASSES

D. Quarterly Investment Report (attachment)

Jacki Bacharach reported that, following the Board's action at its last meeting to change the investment report from monthly to quarterly, there was nothing new to report this period. Ms. Bacharach recommended that the report be received and filed and noted that the report will come to the Board quarterly going forward.

E. Status Update on Trust Work Plan

Ronson Chu reminded the Board the Trust earmarked $6 million for the Cordary Avenue project in Hawthorne. Mr. Chu stated staff should hear from the developer soon about the results of its Los Angeles County Development Authority (LACDA) funding application. Director Kaluderovic asked whether the project had applied for tax credits yet. Kevin Umaña answered that the project needs to secure LACDA funds before pursuing tax credits, and receiving them would make the project a stronger tax credit contender.

As a part of the first update, Mr. Chu reiterated that the final multifamily loan guidelines will return next month for a Board vote. Additionally, staff will present a draft Pre-Development Loan Program to help projects fund early planning work such as architectural drawings and site assessments. The Pre-Development Loan Program will only be up for discussion and no vote will be held in November. On pipeline development, Mr. Chu shared staff will begin meeting with city development directors. Mr. Chu also presented a map of tax-defaulted properties in the South Bay, to be updated with addresses and property types. The Trust could consider bidding on these after a valuation and potentially issue an RFP to developers for affordable housing. Additionally, Mr. Chu stated staff will meet with the Housing Trust Silicon Valley, a CDFI (Community Development Finance Institution) interested in entering the South Bay market. Staff. Also the Vice Chair with Trust staff attended the annual SCANPH conference, where they learned that modular housing has not delivered expected cost savings, though one company's model

may reduce costs from about $800,000 per unit (the Hawthorne project cost) to under $500,000. Additionally, staff attended a workforce housing panel which inspired future discussion items for future meetings. Lastly, Mr. Chu stated that one developer has already expressed interest in the Trust's NOFA, which may be released in January.

On preservation, LACAHSA is funding a Technical Assistance Study that will investigate South Bay preservation needs, primarily naturally occurring affordable housing (NOAH). Mr. Chu described that small landlords of affordable housing projects with covenants at-risk of expiring are at risk of turning market rate. The study will inventory at-risk units and help develop a pilot program, expected to take the rest of the fiscal year.

Chair Tarnay suggested that the Trust could look at helping cities develop master plans or visions for where affordable housing could go, citing Manhattan Beach's RHNA obligation. Housing Expert Ramirez supported the idea but cautioned that cities do not own the land, that community expectations could be raised beyond what cities can deliver, and that past overlay experiences backfired for some cities. Ms. Ramirez noted that RHNA numbers reflect land capacity rather than required construction, and that regional housing trusts may address housing needs more efficiently than the RHNA process. Director Saemann added the Trust, being a regional entity, may be able to deliver affordable housing more efficiently than the RHNA program, which takes a city-by-city, one-size-fits-all approach, and could offer hope to dense cities with limited land. Ms. Ramirez stated that the Trust's efforts show the State that the region is actively trying to address the problem.

Lastly, Mr. Chu reported kicking off another LACAHSA Technical Assistance Study with The APEX Collaborative on whether LIHTC can be used to build for ownership rather than rent, as one part of the Trust's homeownership research, and noted that staff are working on a homeownership program.

F. 2026 SCANPH Annual Conference Review and discussing Housing Trust Retreat Date and Topics

Jacki Bacharach shared plans for the Trust's retreat which will be held on November 30 from approximately 9:30 a.m. to 3:30 p.m. in the Board's regular meeting room. The November meeting was described as likely the last of the year, with the first hour reserved for business items. Proposed retreat topics include a "Preservation 101", educational videos from SCANPH that could be shown over lunch and discussed, an overview of how CDFI financing works, modular housing, and a presentation of research on housing need by a staff or consultant member. Ms. Bacharach invited Board members to suggest additional topics and speakers and noted that the Board may later hold quarterly one-hour study sessions.

G. Look Ahead – Future Agenda

Jacki Bacharach reviewed upcoming agenda items. Management services was proposed for deferral to January, though staff noted the current contract runs only through December and will need to be addressed by an agenda item, likely at the November meeting. Staff expect to bring back a compliance monitoring agreement with Manhattan Beach for adoption once negotiations conclude. The affordable multifamily loan program guidelines are expected to return for adoption in November. If the Trust

proceeds with a NOFA, the NOFA's timing will be informed by the tax credit schedule, which staff expects soon. Lastly, the pre-development loan program will be brought forward to the Board in November and voted on at a later meeting.

VII. GENERAL ITEMS FROM THE BOARD

None.

VIII. and IX. ADJOURNMENT

Chair Tarnay adjourned the meeting to Monday, November 30, 2026, at 4:56 p.m. at the SBCCOG office.

Respectfully Submitted,
Kevin Umaña for the SBRHT

Agenda Item V-C

Checks Issued Since October 15th Meeting

South Bay Regional Housing Trust

AGENDA ITEM: V-C

November 30, 2026

TO: SBRHT Board of Directors

FROM: Jacki Bacharach, Interim Trust Executive Director

SUBJECT: Payments issued since October 15th Board Meeting

RECOMMENDED ACTION:

RECEIVE AND FILE.

BACKGROUND:

In accordance with the South Bay Regional Housing Trust's adopted accounting policies and procedures, this report details payments made for budgeted items since the October 15th Board of Directors meeting.

Payments since the last Board meeting include:

- Best Best & Krieger (legal services): $9,040.60
- Special District Risk Management Authority (insurance premium): $5,322.86

Agenda Item V-D

Contract Amendments for SBCCOG and CivicHome

South Bay Regional Housing Trust

AGENDA ITEM: V-D

November 30, 2026

TO: **SBRHT Board of Directors**

FROM: **Jacki Bacharach, Interim Trust Executive Director**

SUBJECT: **Contract Amendments for SBCCOG and CivicHome**

RECOMMENDED ACTION:

APPROVE FIRST AMENDMENT TO CONTRACT WITH SOUTH BAY CITIES COUNCIL OF GOVERNMENTS (SBCCOG) FOR MANAGEMENT SERVICES OF THE CONTRACT FOR A NO COST EXTENSION TO JUNE 30, 2027.

APPROVE FIRST AMENDMENT TO CONTRACT WITH CIVICHOME FOR CONSULTING AND TECHNICAL ASSISTANCE SERVICES EXTENDING THE TERM THROUGH JUNE 30, 2027 AND INCREASING THE OVERALL NOT-TO-EXCEED BUDGET FROM $50,000 TO $100,000

BACKGROUND:

The South Bay Regional Housing Trust (SBRHT) entered into a contract for interim management services with the SBCCOG which is set to expire on December 31, 2026. As the SBRHT formation transitioned from a REAP 2.0 project implemented by the SBCCOG to its own separate Joint Powers Authority, the SBCCOG and SBRHT entered into an interim management services agreement so that the SBRHT Board could have uninterrupted staffing and then could evaluate the SBCCOG's services once most of the initial formation related work was completed.

Similarly, the SBRHT entered into a contract with CivicHome at the conclusion of the SBCCOG's REAP 2.0 grant through which CivicHome provided consulting and technical assistance services. The SBRHT-CivicHome contract is also set to expire on December 31, 2026.

Under the existing Agreement, CivicHome has assisted Trust staff with the following:

- Planning the Board Retreat and Board Agenda Item preparation and facilitating the Community Development Financial Institution (CDFI) panel discussion.
- Finalizing the Acquisition and Predevelopment Loan Program Guidelines.
- Finalizing the Multifamily Rental Housing (MFR) Program Guidelines.
- Securing insurance coverage for the Trust.

- Finalizing the Trust's Strategic Plan.

SBRHT staff recommends extending the contracts with both entities through June 30, 2027. Specifically, the amendments would:

- SBRHT-SBCCOG Contract: extend the term through June 30, 2027. No additional funds are needed over what has been budgeted;
- SBRHT-CivicHome Contract: extend the term through June 30, 2027 and increase the overall not-to-exceed budget from $50,000 to $100,000 (current invoicing is at approximately $17,500). Services will continue to be provided on an hourly, as-requested basis and only as authorized by the Trust. All other provisions of the existing Agreement will remain unchanged.

Anticipated activities for CivicHome's future work include:

- Coordinating CDFI selection, negotiations, and implementation activities necessary to launch the Acquisition and Predevelopment Loan Program by April 2027.
- Coordinating the Notice of Funding Availability (NOFA) and application review process for project funding under the MFR Program.
- Exploring affordable homeownership program options and conducting research and financial analyses to assist the Board in evaluating program recommendations and potential funding scenarios.
- Providing ongoing technical assistance and support to staff as needed.

CivicHome has extensive experience in the development and management of regional housing trusts. Its knowledge of best practices, lessons learned, and successful program implementation strategies from other housing trusts will continue to benefit the Trust as it implements the priorities established by the Board.

Additionally, the Board may wish to have staff prepare a Request for Proposals (RFP) prior to June 2027 for management and/or consulting and technical services. CivicHome's services were procured through an RFP process for the REAP 2.0 project by the SBCCOG but the SBRHT has not gone out to bid itself for these services. Should the Board want to go out to bid, staff recommends an RFP be released no later than April 2027 to allow sufficient time for the bid, evaluation, and selection process to be completed prior to June 30, 2027.

ATTACHMENTS:

Attachment A – 1st Amendment to SBRHT-SBCCOG Contract

Attachment B – 1st Amendment to SBRHT-CivicHome Contract

FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT

This First Amendment to the Professional Services Agreement ("Agreement") is made as of December 1, 2026 by and between the South Bay Regional Housing Trust, a California joint powers authority ("SBRHT") and the South Bay Cities Council of Governments ("Consultant"), collectively "Parties".

RECITALS

A. SBRHT and Consultant entered into a Professional Services Agreement as of June 1, 2026 wherein SBRHT engaged the services of the Consultant to provide management services to the SBRHT.

B. The Agreement will expire on December 31, 2026, and the Parties desire to extend the Term through June 30, 2027.

NOW, THEREFORE, in consideration of the foregoing, the Parties agree to amend the Agreement as follows:

- The Term of the Agreement is extended to June 30, 2027.

Except as modified above, all other provisions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective January 1, 2027.

"SBRHT"
South Bay Regional Housing Trust

By: _____
(Signature) SBRHT Chair

Date: _____

"Consultant"
South Bay Cities Council of Governments

By: _____
(Signature) SBCCOG Chair

Date: _____

FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT

This First Amendment to the Professional Services Agreement ("Agreement") is made as of December 1, 2026 by and between the South Bay Regional Housing Trust, a California joint powers authority ("SBRHT") and CivicHome ("Consultant"), collectively "Parties".

RECITALS

A. SBRHT and Consultant entered into a Professional Services Agreement as of August 1, 2026 wherein SBRHT engaged the services of the Consultant to provide consulting and technical assistance services to the SBRHT.

B. The Agreement will expire on December 31, 2026, and the Parties desire to extend the Term through June 30, 2027.

C. The Parties also desire to increase the not-to-exceed budget from $50,000 to $100,000.

NOW, THEREFORE, in consideration of the foregoing, the Parties agree to amend the Agreement as follows:

- The Term of the Agreement is extended to June 30, 2027; and
- The not-to-exceed budget is increased to $100,000.

Except as modified above, all other provisions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective January 1, 2027.

"SBRHT"
South Bay Regional Housing Trust

By: _____
(Signature) SBRHT Chair

Date: _____

"Consultant"
CivicHome

By: _____
(Signature) Adam Eliason, Principal

Date: _____

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Agenda Item VI-A

Chair and Vice Chair Selection

South Bay Regional Housing Trust

AGENDA ITEM: VI-A

November 30, 2026

TO: SBRHT Board of Directors

FROM: Jacki Bacharach, Interim Trust Executive Director

SUBJECT: Selection of New Chair and Vice Chair

RECOMMENDED ACTION:

RATIFY VICE CHAIR NINA TARNAY AS THE NEW CHAIR AND SELECT A NEW VICE CHAIR

BACKGROUND:

Debby Stegura has resigned from the South Bay Regional Housing Trust Board and her chairmanship. Therefore, a new chair needs to be selected from the members.

Nina Tarnay, the current vice chair has replaced former Chair Stegura to chair at least one meeting and has taken an active interest in the work of the SBRHT – for example attending the SCAN conference. Therefore, it is recommended to move Member Tarnay into the Chair's position and select a new Vice Chair.

Agenda Item VI-B

Changes to the Joint Powers Authority Agreement per SB 799

FIRST AMENDED

JOINT EXERCISE OF POWERS AGREEMENT

of the

SOUTH BAY REGIONAL HOUSING TRUST

THIS JOINT EXERCISE OF POWERS AGREEMENT (the "Agreement") became effective on wa~~is made this ____ day of _____~~,on INSERT DATE 2026 (the "Effective Date of the JPA"), by and between the public agencies listed in Exhibit A, attached hereto and incorporated herein by reference (each a "Party" and, collectively, the "Parties"). This First Amended Joint Powers Agreement is effective on INSERT EFFECTIVE DATE FOR AMENDMENT) and will replace in its entirety the original Agreement.

RECITALS

A. The Parties are authorized to and have a strong interest in promoting the health, safety, and welfare of the residents within their geographic boundaries.

B. The Parties acknowledge that the State has declared the existence of a shortage of affordable housing.

C. The Parties find it in their mutual interest to increase the availability of affordable housing, workforce housing and supportive housing and to reduce homelessness in a coordinated manner on a regional level.

D. An adequate supply of housing throughout the South Bay subregion will provide social and economic benefits to residents and taxpayers of the Parties.

E. California Government Code section 6500 *et seq.* ("Joint Exercise of Powers Act" or "Act") permits two or more public agencies to create joint powers authorities for the purposes cited herein and permits the agencies to exercise jointly any power that the public agencies could exercise separately, and further grants certain additional powers to such joint powers authorities.

F. The Parties find that each of them has the individual power to implement the housing projects contemplated by this Agreement making them eligible under the Act to enter into this Agreement.

G. In 2022, the Act was amended by the addition of California Government Code section 6539.9, which expressly authorizes the creation of a South Bay Regional Housing Trust by way of approval of this Agreement in order to promote public-private partnerships, nonprofit collaborations and otherwise to fund housing to assist the homeless population and persons and families of extremely low, very low, and low income as

defined in Section 50093 of the California Health and Safety Code within the South Bay subregion.

H. This Agreement shall not be interpreted to limit any Party's authority over land use decision making or otherwise limit their respective sovereign powers within their respective jurisdictions.

~~H.~~I. In 2026, Senate Bill 799 amended Government Code section 6539.9 to expand South Bay Regional Housing Trust 's housing funding authority and revise its governance requirements. This First Amended Agreement implements the provisions of Section 6539.9, and replaces the original Agreement in its entirety.

NOW, THEREFORE, in consideration of the mutual promises set forth below, the Parties agree as follows:

Section 1. Creation and Purpose.

(a) Creation of SBRHT. Pursuant to the Joint Exercise of Powers Act, including Government Code section 6539.9, there is hereby created a public entity to be known as the "South Bay Regional Housing Trust" ("SBRHT"). Pursuant to Section 6503.5 of the California Government Code, SBRHT shall be a public entity separate and apart from the Parties and shall administer this Agreement.

(b) Purpose. This Agreement is made pursuant to the Joint Exercise of Powers Act for the purpose of creating the SBRHT as a public entity separate from the Parties to exercise common powers with respect to receiving and leveraging public and private financing and funds for the planning, ~~and~~ construction and preservation of housing of all types and tenures for the homeless population and persons and families of extremely low-, very low-, and low- income, as defined in Section 50093 of the Health and Safety Code, including, but not limited to, permanent supportive housing. SBRHT may also fund the planning, construction, and preservation of housing of all types and tenures for persons and families of moderate income, as defined in Section 50093 of the Health and Safety Code, using private resources, federal resources, and state resources restricted to use for affordable housing for persons and families at or above eighty percent of area median household income. The purpose of this Agreement shall be accomplished, and common powers exercised in the manner set forth in this Agreement. Nothing contained in this Agreement shall preclude any Party from establishing, maintaining, or providing social programs or services to its respective residents as it deems proper and necessary.

Section 2. Term and Termination

(a) Term. This Agreement shall become effective, and SBRHT shall come into existence, upon the approval of this Agreement by the governing bodies of four eligible Parties. The Effective Date of the JPA will be the date of approval by the fourth Party. This

Agreement shall thereafter continue in full force and effect until terminated pursuant to subdivision (b) of this section.

(b) Termination. This Agreement may be terminated by agreement of a majority vote of the Parties. Upon termination of this Agreement, SBRHT shall be dissolved and, after payment of or provision for payment of all liabilities, the assets of SBRHT shall be distributed to the Parties in proportion to the contributions of each Party to SBRHT and the amounts paid by each Party in connection with SBRHT's activities.

Section 3. Powers and Duties of SBRHT.

(a) General Powers. SBRHT shall have all the powers common to the Parties to this Agreement necessary or convenient, specified, or implied, to accomplish the purpose of this Agreement as set forth in Section 1, subject to the restrictions set forth in this Section 3, subdivision (c) below. Said powers shall be exercised in the manner provided in the Joint Exercise of Powers Act, including without limitation all powers set forth in Government Code section 6539.9, and, except as expressly set forth herein, subject only to such restrictions upon the manner of exercising such powers as are imposed upon the City of Redondo Beach, a chartered city and municipal corporation, in the exercise of similar powers.

(b) Specific Powers. Without limiting the generality of the powers conferred in subdivision (a) of this Section 3, SBRHT is hereby authorized, in its own name, to do all of the acts necessary or convenient to the accomplishment of the purposes of this Agreement and the full exercise of the powers conferred in subdivision (a) of this Section 3, including but not limited to the following:

1. to make and enter into contracts;
2. to hire employees or contract for staff assistance, including but not limited to contracting with other public agencies;
3. to sue and be sued in its own name;
4. to apply for, accept, receive and disburse grants, loans and other aids from any agency of the United States of America, the State of California, Los Angeles County, a Party to this Agreement, or any other agency providing funding related to the purposes of this Agreement;
5. to invest any money in the treasury pursuant to Section 6505.5 of the Joint Exercise of Powers Act that is not required for the immediate necessities of SBRHT, as SBRHT determines is advisable, in the same manner and upon the same conditions as local agencies, pursuant to Section 53601 of the California Government Code;
6. to apply for letters of credit or other forms of financial guarantees in order to enter into agreements in connection therewith;

7. to incur and discharge debts, liabilities, and obligations, subject to the limitations set forth in this Agreement and to the extent permitted by law;
8. to assume ownership of affordability covenants governing a property from another entity in order to preserve the units as affordable;
9. to engage the services of private consultants to render professional and technical assistance and advice in carrying out the purposes of this Agreement;
10. to employ and compensate legal counsel determined appropriate by SBRHT in carrying out the purposes of this Agreement;
11. to contract for engineering, construction, architectural, accounting, environmental, land use, or other services determined necessary or convenient by SBRHT in connection with the accomplishment of the purposes of this Agreement;
12. to, for the purposes of enforcing affordable housing covenants or holding security interests for loans, to take title to, and transfer, sell by installment sale or otherwise, lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and other interests in real or personal property which SBRHT determines are necessary or convenient in connection with the accomplishment of the purposes of this Agreement; provided, however, that any such acquisition shall be structured to avoid any assumption of liability by a Party;
~~12.~~13. for the purposes of renting space for SBRHT to operate, to lease to, and to lease from, a Party or any other person or entity, lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and other interests in real or personal property which SBRHT determines are necessary or convenient in connection with the accomplishment of the purposes of this Agreement;
~~13.~~14. to solicit charitable contributions from private sources;
~~14.~~15. to acquire, hold or dispose of property, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations and government entities;
~~15.~~16. to partner with Parties on funding solicitations and other opportunities for the purposes set forth in this Agreement, including but not limited to jointly exercising powers with a Party pursuant to the Joint Exercise of Powers Act;
~~16.~~17. to authorize and issue bonds, certificates of participation, or other debt instruments; provided, however, that any such debt shall be payable solely from funds and revenues of SBRHT and shall not constitute a debt, liability, or obligation of any Party, and no such debt shall be secured by or payable from any tax, assessment, fee, or other revenue of a Party unless approved by that Party's governing body and in compliance with all applicable legal requirements, including any voter approval required by law;

~~17.~~18. to propose amendments to this Agreement;

~~18.~~19. to the extent not herein specifically provided for, to exercise any and all other powers as may be provided for SBRHT in the Joint Exercise of Powers Act or any other applicable law; and

~~19.~~20. to carry out and enforce all the provisions of this Agreement.

(c) Limitation on Powers. This Agreement does not authorize SBRHT to do any of the following:

1. Regulate land use, zoning, or development approvals within the jurisdiction of any Party;
2. Levy, or advocate or incentivize the levying of, an exaction, including an impact fee, charge, dedication, reservation or tax assessment, as a condition of approving the funding for or approval of a development project;
3. Require or incentivize inclusionary zoning requirements;
4. Require the Parties to dedicate or assign funding for any SBRHT obligations or programs;
5. Fund or approve a housing project or program that is not supported by the governing body of the jurisdiction (a city or the county) in which the proposed project is sited, nor shall the SBRHT commit or expend funds for such a project or program within a Party's jurisdiction unless and until such project or program has been approved by the governing body of that Party, with the exception of expenditures for services requested by a Party's staff for the purpose of evaluating the viability of potential housing projects or programs within the Party's jurisdiction;
6. Require the Parties to accept or provide any number of housing units as a prerequisite to joining or remaining a member of SBRHT; and
7. Affect the individual power of each Party separately to implement affordable housing projects and programs generated within its jurisdictional boundaries.

Section 4. Members

The members of SBRHT shall be the Parties to this Agreement, and such other public agencies as may join SBRHT after execution of this Agreement. New members may join on the terms and conditions set forth in Section 10 hereof. Only the County of Los Angeles and cities within the jurisdiction of the South Bay Cities Council of Governments may be a party to this Agreement and a member of SBRHT. The SBRHT bylaws may provide for affiliate memberships or other categories of membership for eligible entities which do not want to be full members.

Section 5. Board of Directors

(a) Selection of Directors. SBRHT shall be governed by a Board of Directors selected as follows:

1. One elected official from each Party to this Agreement, appointed by that Party's governing body ~~and ratified by the governing board of the South Bay Cities Council of Governments~~. The elected official from the County of Los Angeles must be from a Board of Supervisors District that is located wholly or partially within the territory of the South Bay Cities Council of Governments.
2. Each Party may also appoint- alternate members who may serve in the absence of the Party's appointed Director, and may include any of the following:

(I) Another member of the governing body of the Party to the Agreement.

(II) An appointed member of an advisory body of the Party to the Agreement.

(III) A staff member of the Party to the Agreement.

~~1.~~ (IV) A member of the public who is an expert in homelessness or housing policy. ~~one of its elected officials as an Alternate Director, who may serve in the absence of the Party's appointed Director. The elected official from the County of Los Angeles must be from a Board of Supervisors District that is located wholly or partially within the territory of the South Bay Cities Council of Governments~~.

3. Two Directors that are experts in homelessness or housing policy appointed by a majority vote of the the ~~South Bay Cities Council of Governments City Managers Committee and ratified by the governing board of the South Bay Cities Council of Governments~~Board of Directors.
4. Each Alternate that is currently not an elected official shall not participate as a voting member in more than 75 percent of all meetings in a calendar year.
5. Each Party, or appointing agency, shall determine its own method of appointment, replacement and removal of a Director.

~~2.~~

(b) Board Powers. Subject to the limitations of this Agreement and the laws of the State of California, the powers of SBRHT shall be vested in and exercised by, and its property and its affairs administered by, the Board of Directors.

(c) Advisory Bodies. The Board of Directors may appoint advisory bodies that may include such persons as are designated by the Board of Directors. The Board of Directors shall adopt bylaws that govern the appointment of advisory bodies should it determine in its discretion to appoint such advisory bodies.

(d) Compensation. Members of the Board shall serve without compensation but shall be entitled to reimbursement for any expenses actually incurred in connection with serving

as Director; provided such expenses have been previously approved by the Board of Directors and incurred in accordance with any SBRHT policies or procedures governing the same.

(e) Term. ~~Members of the Board shall serve for a two-year term. There is no limit to the number of consecutive terms members may serve.~~ In the event of a vacancy, the Party whose appointee has vacated the position shall appoint a replacement within 60 days of the effective date of the vacancy~~, subject to ratification by the governing board of the South Bay Cities Council of Governments~~. A vacancy in either expert Director seat shall be filled within 60 days of the effective date of the vacancy through appointment by the ~~South Bay Cities Council of Governments City Managers Committee and ratification by the governing board of the South Bay Cities Council of Governments~~ Trust Board of Directors. ~~The replacement will serve out the remainder of the term of the Director that they replaced.~~ The two Directors that are experts in homelessness or housing policy may be removed with or without cause at any time by a majority vote of the Board of Directors.

(f) Meetings of the Board of Directors.

1. Call, Notice and Conduct of Meetings. All meetings of the Board of Directors, including without limitation, regular, adjourned regular, special meetings and adjourned special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, Government Code sections 54950 *et seq*.

2. Regular Meetings. Regular meetings of the Board of Directors shall be held at such dates and times as the Board may fix ~~by resolution~~ from time to time. If any day so fixed for a regular meeting shall fall upon a legal holiday, then such regular meeting shall be held on the next succeeding business day at the same hour, unless otherwise determined by the Board. No notice of any regular meeting of the Board of Directors need be given to the individual Directors.

3. Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the Chairperson of the Board or by a majority of the Directors. Notice of special meetings shall be provided to all Parties.

4. Quorum. A majority of the seated members of the Board of Directors shall constitute a quorum at any meeting of the Board except that less than a quorum may adjourn a meeting to another time and place. Unless otherwise provided in this Agreement, actions and decisions of the Board of Directors may be taken by a majority of the quorum present at any meeting.

5. Minutes. The Board of Directors shall cause minutes of all regular, adjourned regular, and special meetings to be kept and presented to the Board for approval at a subsequent meeting.

6. Officers. The Board of Directors shall elect a chairperson and a vice chairperson from among its Directors at the first meeting held in each ~~calendar year [or insert~~ fiscal year~~]~~. In the event that the chairperson or vice chairperson so elected ceases to be a Director, the resulting vacancy shall be filled at the next regular meeting of the Board of Directors held after such vacancy occurs or at a special meeting called for that purpose. In the absence or inability of the chairperson to act, the vice chairperson shall act as chairperson. The chairperson, or in the chairperson's absence, the vice chairperson, shall preside at and conduct all Board of Director's meetings.

7. Rules and Regulations. The Board of Directors may adopt, from time to time, ~~by resolution~~, such rules, regulations, and bylaws for the conduct of its meetings and affairs as the Board determines is necessary or convenient.

(g) Conflict of Interest. All Directors and Alternate Directors shall be subject to the Board of Directors' adopted conflict of interest code.

Section 6. Staff and Treasurer

(a) Staff

1. SBRHT may contract with a Party or the SBCCOG for staff pursuant to Section 6(d), hire its own employees, or retain independent contractors, agents, or volunteers as the Board of Directors may deem necessary to carry out any of SBRHT's powers, upon such terms and conditions as the Board may require, including the retaining of professional and technical assistance, provided that adequate funds are available in SBRHT's budget and are appropriated by SBRHT therefor.

2. None of the officers, agents, or staff, if any, directly contracted by SBRHT shall be deemed, by reason of their roles or duties or contracted status, to be employed by the Parties.

(b) Treasurer and Auditor/Controller. Pursuant to Government Code Sections 6505.5 and 6505.6, the Board of Directors shall appoint an officer or employee of SBRHT, or an officer or employee of a public agency that is a Party, or a certified public accountant to hold the offices of treasurer and auditor for SBRHT. Such person or persons shall possess the powers of and shall perform the treasurer and auditor functions for SBRHT required by Sections 6505, 6505.5 and 6505.6 of the Government Code, including any subsequent amendments thereto. Pursuant to Government Code Section 6505.1, the auditor and treasurer shall have charge of certain property of SBRHT. The treasurer and auditor shall assure that there shall be strict accountability of all funds and reporting all receipts and disbursements of SBRHT. The treasurer and auditor of SBRHT shall be required to file an official bond with the Board of Directors in an amount which shall be established by the Board. Should the existing bond or bonds or any such officer be extended to cover the obligations provided herein, said

Commented [PA1]: SB 799 permits election of the chairperson and vice chairperson at the first meeting of either the calendar or fiscal year. The existing calendar-year provision may remain. If fiscal-year elections are preferred, replace "calendar year" with "fiscal year." See Government Code § 6539.9(b)(3).

bond shall be the official bond required herein. The premiums on any such bonds attributable to the coverage required herein shall be an appropriate expense of SBRHT.

(c) Attorney. The Board of Directors shall have the power to appoint one or more legal advisors to SBRHT who shall perform such duties as may be prescribed by the Board.

(d) Administrative Services and Reimbursement of Costs.

1. The Board of Directors may contract with a Party to provide necessary administrative services to SBRHT, including the services described in Section 6(a), (b) and (c). The amount charged by the Party to provide such services to SBRHT shall be fixed by agreement between the Board of Directors and the governing body of the Party providing such services. In the absence of an agreement on costs, the Party providing services to SBRHT under this Section 6 may charge SBRHT the amounts necessary to recover the direct and indirect costs of such services.
2. If SBRHT contracts with a Party to provide SBRHT with administrative services through persons who are employees and officers of the Party, then any retirement liabilities associated with that Party's employees and officers shall not constitute a liability of SBRHT or any other Party. This Section 6(d)(2) shall not preclude a Party providing administrative services to SBRHT pursuant to a contract with SBRHT from accounting for such salary and benefit costs when negotiating the rates that the Party will charge SBRHT for providing such services.

Section 7. Financial Provisions

(a) Fiscal Year. The Fiscal Year of SBRHT shall, unless and until changed by the Board of Directors, commence on the 1st day of July of each year and shall end on the 30th day of June of the next succeeding year except that the initial Fiscal Year of SBRHT shall commence on the Effective Date and end on the immediately following 30th day of June.

(b) Budget.

1. General Budget. Within one hundred and twenty days (120) after the first meeting of the Board of Directors, a general budget for the first fiscal year shall be adopted by the vote of a majority of the total membership of the Board of Directors. The budget shall distinguish between administrative costs (i.e., the cost of operating SBRHT) and Program costs (i.e., the financing of the programs funded or sponsored by SBRHT). Thereafter, at or prior to the last meeting of the Board of Directors for each fiscal year, a general budget shall be adopted for the ensuing fiscal year or years by a vote of at least a majority of the total membership of the Board.
2. Expenditures for the Approved Budget. The payment of all SBRHT obligations is limited to the amount of appropriations allowed in SBRHT's approved budget, except as it may

be revised with the approval of a majority of the total membership of the Board of Directors.

(c) Contributions by the Parties.

1. Administrative Cost Contributions. In consideration of the mutual promises contained herein, the Parties agree that they shall make annual contributions (each a "Fee" and collectively the "Fees") towards the budgeted administrative costs of SBRHT as set forth in a duly adopted Board resolution. The Fees shall be assessed annually. After the first fiscal year, the Fees shall increase annually in an amount equal to the U.S. Bureau of Labor Statistics consumer price index for all urban consumers in the Los Angeles-Long Beach-Anaheim area for the 12-month period preceding the year the Fees are assessed. Payment of the Fees shall be due within 30 days of receipt of an invoice from the SBRHT. The invoice shall indicate how the Fees were calculated. A Party's contribution to SBRHT's administrative costs shall be in the form of money, unless the Board of Directors approves another form of contribution such as services, personal property or use of real or personal property, or other in-kind contributions. The acceptance and valuation of any such non-monetary contributions may be used to offset in whole or part a Party's contribution as determined in the sole and absolute discretion of the Board of Directors. Notwithstanding the above, after the first fiscal year the Board of Directors may establish Fees in an amount the Board of Directors deems financially prudent.
2. Program Cost Contribution. The particular programs and program budget, funded, sponsored or operated by SBRHT, as well as the level of and mechanisms for the involvement of SBRHT and each Party, in such programs and program budget, shall be determined and approved by the Board of Directors.

(d) Accounts and Reports.

1. Books and Records. There shall be strict accountability of all SBRHT funds and accounts and report of all SBRHT receipts and disbursements. Without limiting the generality of the foregoing, SBRHT shall establish and maintain such funds and accounts as may be required by good government accounting practice. The books and records of SBRHT shall be open to inspection at all reasonable times by each Party and its duly authorized representatives.
2. Annual Audit. The person appointed by the Board of Directors to perform the auditor function for SBRHT shall cause an annual independent audit of the accounts and records of SBRHT and records to be made by a certified public accountant or firm of certified public accountants in accordance with Government Code section 6505. Such audits shall be delivered to each Party and shall be made available to the public.
3. Annual Financial Report. Pursuant to section 6539.9(d) of the Government Code, SBRHT shall publish an Annual Financial Report that shall describe the funds received by SBRHT

and the use of such funds by SBRHT. The Annual Financial Report shall describe how the funds received by SBRHT have furthered the purposes of SBRHT.

(e) Funds. Subject to the applicable provisions of any instrument or agreement which SBRHT may enter into, which may provide for a trustee or other fiscal agent to receive, have custody of and disburse SBRHT funds, the person appointed by the Board of Directors to perform the treasurer function for SBRHT shall receive, have the custody of and disburse SBRHT funds as nearly as possible in accordance with generally accepted accounting principles, shall make the disbursements required by this Agreement in order to carry out any of the provisions or purposes of this Agreement.

Section 8. Amendments.

(a) This Agreement may be amended or modified with the approval of two-thirds of all the Parties through formal action approving such an amendment by the Parties' respective governing bodies.

(b) No addition to, or alteration of, the terms of this Agreement, whether by written or oral understanding of the Parties, their officers, employees or agents, shall be valid or effective unless made in the form of a written amendment which is formally adopted and executed by the Parties as provided in subparagraph (a) of this Section.

Section 9. Non-Liability for Obligations of SBRHT.

(a) The debts, liabilities, and obligations of SBRHT shall not be considered the debts, liabilities and obligations of any of the Parties or their respective officers, employees, agents or volunteers, or the personal debts, liabilities and obligations or the Directors, officers or employees of SBRHT.

1. Indemnification. The SBRHT shall defend, indemnify and hold harmless each Party, its officials, officers, agents, employees, representatives and volunteers (the "Indemnitees") from and against any loss, injury, claim, lawsuit, liability, expense, or damages of any kind or nature (collectively, "Claims") brought by a third party which arises out of or in connection with SBRHT's administration of this Agreement, including such third party claims arising out of or in connection with any Indemnitees acting within their authorized capacity as an officer, agent, employee, representative or volunteer of SBRHT. The SBRHT's duty to defend and indemnify under this Section shall not extend to Claims otherwise arising out of the Indemnitees' own active negligence or willful misconduct, whether in whole or part. The SBRHT shall finance its obligation pursuant to this Subsection by establishing a liability reserve fund, and/or by purchasing commercial insurance, and/or by joining a joint powers insurance authority (JPIA) as determined by the Board. In the event the SBRHT's financial obligations to indemnify, defend and hold harmless, pursuant to this Subsection, exceed the liability reserve fund and/or the proceeds from any applicable insurance and/or JPIA coverage maintained by the SBRHT (hereinafter "Unfunded Liability"), a Party or Parties may meet and confer

with SBRHT in good faith to negotiate alternative means or mechanisms by which SBRHT may fund such Unfunded Liability; however, in no event shall the event of an Unfunded Liability relieve, limit or waive SBRHT's obligations of indemnity or defense to each Party as first set forth above in this Section. Nothing herein shall obligate any Party to indemnify or hold harmless SBRHT for any Unfunded Liability.

2. Assignment. To the extent SBRHT has satisfied its obligations to defend and indemnify a Party under this Section, such Party shall cooperate with SBRHT in the pursuit of recovery of damages for Claims arising out of this Agreement from any third party, provided that nothing herein shall require a Party to assign or waive any legal rights, compromise its insurance coverage, or relinquish control over its claims without its express written consent.

3. Survival. SBRHT's duty to defend, indemnify and hold harmless shall survive and continue in full force and effect after withdrawal of any Party from this Agreement, including as to the withdrawing Party, or termination of this Agreement for any reason with respect to any Claims that occurred before the date of such withdrawal or termination.

Section 10. Admission and Withdrawal of Parties.

(a) Admission of New Parties. It is recognized that additional public agencies other than the original Parties, may wish to join SBRHT after the Effective Date. The County of Los Angeles and any city within the SBCCOG may become a Party to SBRHT upon such terms and conditions as are established by the Board of Directors. As a condition precedent to becoming a Party more than six months after the Effective Date, an eligible entity may thereafter become a Party to this Agreement; provided that (1) this Agreement is adopted by its governing body and (2) the eligible entity pays a late joining fee. The late joining fee shall be calculated by totaling the annual fee the eligible entity would have paid under this Agreement had it been a Party in all years prior and up until the Effective Date. Notwithstanding the foregoing, an eligible entity's late joining fee shall not exceed two times the amount of the applicable annual administrative fee existing at the time it becomes a Party. Payment shall be due within 30 days of receipt of an invoice from SBRHT.

(b) Withdrawal from SBRHT. A Party may withdraw from SBRHT at any time upon its governing body's adoption of a resolution stating the Party's intent to withdraw from SBRHT and written notice of withdrawal accompanied by an executed copy of the resolution of intent to the SBRHT. The withdrawal of any Party, unless otherwise provided by the Board of Directors, shall be subject to the following prerequisites and conditions:

1. The withdrawal shall be effective immediately upon receipt by the SBRHT of the written notice of withdrawal, subject to subsection (2) below.

2. If the withdrawal notice is received by the SBRHT less than ninety (90) days before the start of a fiscal year or after the commencement of a fiscal year but before payment of

that year's Section 7(c) contribution, the withdrawal shall not be effective unless and until the withdrawing Party has fully paid that fiscal year's contribution; otherwise, the notice of withdrawal shall be null and void.

3. Unless otherwise provided by a unanimous vote of the Board of Directors, withdrawal shall result in the forfeiture of that Party's rights and claims relating to distribution of property and funds upon termination of SBRHT as set forth in Section 2 above. Withdrawn members shall not be entitled to any reimbursement of Fees.
4. Withdrawal of a Party will not relieve that Party of prior financial obligations of liabilities unless otherwise approved by the Board.

Section 11. Notices.

(a) Notices required or permitted hereunder shall be sufficiently given if made in writing and delivered either personally or by registered or certified mail, postage prepaid, to the persons and entities listed at the addresses set forth in Exhibit A, or to such other address as may be designated in writing to SBRHT for formal notice.

Section 12. Miscellaneous.

(a) Section Headings. The section headings herein are for convenience only and are not to be construed as modifying or governing or in any manner affecting the scope, meaning or intent of the provisions or language of this Agreement.

(b) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Agreement.

(c) Laws Governing. This Agreement is made in the State of California under the Constitution and laws of such State and shall be construed and enforced in accordance with the laws of California.

(d) Severability. Should any part, term, portion or provision of this Agreement, or the application thereof to any person or circumstance, be held to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual it shall be deemed severable, and the remainder of this Agreement or the application thereof to other persons or circumstances shall continue to constitute the Agreement the Parties intended to enter into in the first instance.

(e) Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors of the respective Parties. No Party may assign any right or obligation hereunder without the written consent of a majority of the other Parties.

Section 13. Sunset Date.

In the event that a source of funding is not identified and funding not obtained to cover SBRHT's administrative costs on or before December 31, 2026, this Agreement will on that date expire automatically and be null and void without further action of the Parties.

IN WITNESS THEREOF, the Parties hereto have caused this Agreement to be executed and attested by their duly authorized officers as follows:

CITY OF

_____
Mayor

_____
Date

ATTEST:

_____
City Clerk

_____
Date

APPROVED AS TO FORM:

_____
City Attorney

_____
Date

EXHIBIT A

Parties to this Agreement and their Addresses for notice pursuant to Section 11 are as follows:

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Agenda Item VI-C

Affordable Multi-Family Loan Program Draft Guidelines & Release of NOFA

South Bay Regional Housing Trust

AGENDA ITEM: VI-C

November 30, 2026

TO: SBRHT Board of Directors

FROM: Jacki Bacharach, Interim Trust Executive Director

SUBJECT: Affordable Multi-Family Loan Program Guidelines and NOFA

RECOMMENDED ACTION:

1. ADOPT AFFORDABLE MULTI-FAMILY LOAN PROGRAM GUIDELINES; AND
2. DIRECT STAFF TO RELEASE NOTICE OF FUNDING AVAILABILITY IN JANUARY 2027

BACKGROUND:

As discussed at the last Board meeting, the South Bay Regional Housing Trust (SBRHT) will be receiving an annual allotment of Measure A revenue for the purposes of the Production, Preservation, and Ownership (PPO) of affordable housing. It is anticipated that the SBRHT will receive $5,676,440 in PPO-New Construction and $1,671,702 in PPO-Flexible in FY26-27, and approximately similar amounts in future years, subject to fluctuations in sales tax revenue.

Based on the Board discussion and direction at the previous meeting, Trust staff has revised the Draft Affordable Multi-Family Loan Program Guidelines (Attachments A) to address Board feedback. In addition, Trust staff has prepared a Notice of Funding Availability (Attachment C) to make the Trust's PPO-New Construction funding for FY26-27 available for projects located in Trust-member cities.

PROGRAM GUIDELINE REVISIONS:

The Draft Affordable Multi-Family Loan Program Guidelines have been revised per Board direction at the Board meeting in October 2026. The revisions include:

- New Section 2.1.1, *Density Bonus Projects*, to clarify when a project that is receiving a density bonus in accordance with State law is eligible to receive Trust funding. (This information had previously been a part of Section 2.5.1);
- Revised maximum unit loan amounts that increased the maximum loan limit for 30% AMI units and reduced the maximum loan limit for 80% AMI units to better align with

California Tax Credit Allocation Committee (CTCAC) regulations that encourage deeper income targeting; and

- Revised Section 5.3, *Project Evaluation and Scoring Methodology*, to combine multiple scoring categories into a single Project Feasibility category, add a new scoring category for projects that receive a funding commitment from the city where the project is located, and moving the geographic equity scoring to a tie-breaker.

NOTICE OF FUNDING AVAILABILITY RELEASE:

Trust staff has drafted a Notice of Funding Availability (NOFA) for release in January 2027 (Attachment B). This NOFA would make the Trust's remaining FY25-26 and a portion of FY26-27 LACAHSA PPO – New Construction funding available for projects located in Trust-member cities in accordance with the Affordable Multi-Family Loan Program Guidelines. The anticipated schedule for the NOFA application process is:

- January 4, 2027 – Release of NOFA
- February 12, 2027 – NOFA applications due
- March 18, 2027 – Board considers NOFA applications and commits funds to projects

As drafted, the NOFA includes $5,002,482 in LACAHSA PPO – New Construction funds. Based on the discussion and direction from the Board in agenda item VI.E regarding budget allocation of LACAHSA funds, this available funding amount may change based on Board direction. Other specific dates and the annual compliance fee to be determined.

CONCLUSION:

Staff is seeking Board adoption of the Affordable Multi-Family Loan Program Guidelines, and direction for staff to release a Notice of Funding Availability in January 2027, pursuant to the Guidelines.

ATTACHMENTS:

Attachment A – Draft Affordable Multi-Family Loan Program Guidelines - Redline

Attachment B – Draft January 2027 Notice of Funding Availability

SOUTH BAY
REGIONAL HOUSING TRUST

Affordable Multi-Family Loan Program Guidelines

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Draft: ~~October 6~~November 30, 2026

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1. Program Overview

The South Bay Regional Housing Trust ("SBRHT" or "Trust") has created this Affordable Housing Loan Program ("Program") to provide gap and project financing for affordable housing rental projects located within Trust member cities. It is anticipated that this Program will be funded by the Trust primarily using Measure A funds provided either directly to the Trust from the Los Angeles County Affordable Housing Solutions Agency ("LACAHSA") or indirectly to the Trust through the South Bay Cities Council of Governments ("South Bay Cities COG" or "COG"). Additional funding may also be made available to the Trust in the future from federal, state, county, and philanthropic programs, as well as from health-related organizations or initiatives—such as Health Net—that support affordable housing and community well-being for low-income households. These sources may be allocated for use pursuant to this Program by action of the Trust's Board of Directors.

The goal of this Program is to provide necessary supplemental financing for affordable housing rental projects within Trust member cities, thereby increasing competitiveness of those projects when a developer applies for the project's primary source funding from State and County affordable housing funding programs such as tax credits, tax-exempt bonds, the California Department of Housing and Community Development's ("HCD") SuperNOFA and Homekey+ Program, and/or the Los Angeles County Development Authority ("LACDA") Multifamily Rental Housing NOFA.

These Program Guidelines do not serve as a Notice of Funding Availability ("NOFA"). Rather, these Program Guidelines provide the terms, conditions and requirements for (i) the Trust's issuance of future NOFAs, (ii) the Trust's evaluation and selection of projects for Trust funding, and (iii) the loans provided by the Trust to selected projects, including applicable loan terms, underwriting requirements, security and repayment provisions, and long-term affordability and other regulatory requirements. It is anticipated that the Trust will receive regular disbursements of Measure A funds that will then be made available to developers through competitive Trust issued NOFAs once the Trust is in receipt of those funds.

State and County funding is a critical component of the financing needed to make affordable housing projects financially feasible. In order to maximize a developer's project competitiveness for State and County funding applications, it is the desire of the Trust to issue NOFAs, as resources permit. Each Trust NOFA will identify the amount of funding the Trust has available for award at that time.

Initial commitments shall expire twelve (12) months after issuance of a commitment letter of funds by the Trust. Extensions to Trust commitments are at the sole discretion of the Trust's Board of Directors.

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2. Program Description

2.1. Eligible Uses

This Program is intended to provide financing for the production of new homes affordable to acutely-low, extremely-low, very-low, and low income households (collectively, "Lower Income Households"). Program funds shall only be used for new construction rental projects. Rehabilitation of existing homes, whether currently affordable or market-rate, is not an eligible use of Program funds. New construction shall be defined as buildings that have not yet received a temporary or permanent Certificate of Occupancy, or jurisdictional equivalent, at the time the Trust funds are expended on the project.

2.1.1. Density Bonus Projects

Trust funding shall not be used in connection with any affordable unit that receives development incentives, density bonuses, or similar programs. However, if a project provides an excess of affordable units beyond those required to receive any development incentives or density bonuses, only those excess units are eligible to receive Trust funding. The purpose of this restriction is to only provide subsidy to a project that is not already receiving a benefit for providing affordable units in the form of a development incentive or density bonus. Projects where 100% of units (except for managers' units) are affordable to lower income households are exempt from this limitation.

As an example of the above, a project is located on a site with a base zoning that allows for up to 50 units. In Scenario A, the project does not provide any affordable housing and does not receive a density bonus. The project is built with 50 units, none of which are eligible to receive Trust funding. In Scenario B, the project provides five affordable units and receives a 20% density bonus. The project is built with 60 units, five of which are affordable. None of the units are eligible to receive Trust funding. In Scenario C, the project provides five affordable units and receives a 20% density bonus, plus an additional five affordable units. The project is built with 60 units, ten of which are affordable. Five of the affordable units are eligible to receive Trust funding. The table below illustrates this example.

	Scenario A – No Density Bonus	Scenario B – Density Bonus – No Trust Support	Scenario C – Density Bonus – Trust Support
Maximum number of units at base density	50	50	50
Number of affordable units	0	5	10
Density Bonus	0%	20%	20%
Number of affordable units required for density bonus	0	5	5
Total number of units	50	60	60

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Number of units Trust can fund	0	0	5

2.2. Eligible Applicants

Applications pursuant to a Trust issued NOFA will be accepted from non-profit and for-profit organizations, joint ventures, or partnerships that serve lower-income households and persons experiencing homelessness. Applicants must have at least three projects in service for a period more than three years, of which one shall be in service more than five years. For applicants applying for projects that intend to use Low Income Housing Tax Credits as part of their capital stack, a minimum of two of the three projects must be California Low-Income Housing Tax Credit projects. For applicants intending to apply for other Federal, State, or County funding programs, a minimum of one of the three projects must have successfully used the intended funding program.

2.3. Eligible Locations

Program funds may only be awarded to projects located within Trust member cities at the time a NOFA application is submitted to the Trust. Projects must also obtain the local jurisdiction acknowledgement and support required pursuant to Section 4.14. A list of current Trust member cities will be published with each Trust issued NOFA.

2.4. Eligible Costs

Program funds may be used for construction loan financing and/or permanent loan financing for the affordable housing rental project, unless otherwise stated in the applicable Trust issued NOFA. The following development costs ("Development Costs") related to the affordable housing rental project are eligible for payment or reimbursement with Trust loan funds:

- Land acquisition and related due diligence expenses
- Site development and infrastructure
- "Hard" costs of construction;
- "Soft" costs, including but not limited to:
    - marketing costs (not to exceed $1,500 per unit);
    - appraisals;
    - architectural and engineering fees;
    - individual apartment furnishings (not to exceed $2,500 per unit);
    - certain common area furnishings (not to exceed $1,000 per unit);
    - building permit fees;
    - credit reports;
    - environmental assessments;
    - impact fees;
    - legal and accounting costs;

- developer fee within applicable limits, as defined in Section 3.6.
- contingencies or reserves
- private lender origination fees;
- recording fees;
- surety fees; and,
- title insurance.

For purposes of these Program Guidelines, "Development Costs" do not include ongoing operating expenses or other costs incurred after permanent loan conversion, unless otherwise approved by the Trust or specified in the applicable Trust issued NOFA.

An overall cost limitation of fourteen percent (14%) of the cost of construction shall apply to contractor overhead, profit, and general requirements, excluding contractor's general liability insurance. For purposes of contractor overhead and profit, "cost of construction" includes site work, structures, and general requirements (e.g., offsite improvements, demolition and site work, structures, and prevailing wages).

If the project development includes non-affordable housing components such as commercial, open space, amenities that serve the community at-large (even if such amenities also serve the housing development), and any mixed-use or other community serving components, then **no portion** of the Trust's loan may be used to finance any portion of such non affordable housing components of the project development and such components are not eligible costs.

2.5. Affordability

Trust-assisted units of the affordable housing rental project must be restricted to the specific level(s) of affordability and must remain affordable for not less than fifty-five (55) years, commencing on the date of conversion of construction financing to permanent financing.

A Regulatory Agreement will be recorded against the property to ensure affordability of the units and income and rent restrictions for the restricted period and during the term of the agreement. All projects shall be required to agree to maintain the project's affordability for the term of the Regulatory Agreement regardless of whether the Trust's loan is fully repaid prior to the expiration of the restricted period and Regulatory Agreement.

Annual compliance and reporting requirements of the developer/project owner will be outlined in the Regulatory Agreement. In addition to the annual reporting requirements, the Trust reserves the right to conduct compliance monitoring activities, which may include unit audits and on-site file reviews to verify compliance with the occupancy, affordability, and other requirements of the Regulatory Agreement. Developers/project owners shall provide full access to tenant files, income certifications, leases, and other relevant

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documentation upon request, subject to tenant rights of privacy in accordance with applicable law.

At the Trust's discretion, program compliance may utilize a two-step monitoring process that provides for monitoring of all affordable housing developments financed with funds from the Trust. Monitoring of each development will occur in two phases: Phase 1: In-house review of annual reports, and Phase 2: Annual on-site monitoring visit, which may include monitoring of tenant files in accordance with the affordability and income and rent restrictions of the Regulatory Agreement and a Housing Quality Standards (HQS) inspection, subject to tenant rights of privacy in accordance with applicable law.

Specific affordability requirements will be driven primarily by the funding sources available to the Trust. Affordability requirements for each anticipated funding source are identified below. However, the Trust issued NOFAs will identify the available funding sources and their affordability requirements, as well as the affordability requirements for funding sources not identified in these Program Guidelines.

2.5.1. LACAHSA

All units financed by the Trust using Measure A funding provided through LACAHSA must meet the requirements of California Government Code Section 64830(d)(1)(A)(ii). Measure A funds must be expended on projects prior to the project receiving Certificate of Occupancy, or jurisdictional equivalent. Measure A funds may only be used for construction to permanent loans, and must be issued at time of construction loan closing.

Projects to be assisted with the Trust using Measure A funding provided through LACAHSA must meet one of the following affordability criteria:

(1) A project that is 100% affordable housing that allocates and restricts (i) ten percent (10%) of the units in the project to extremely-low income households (30% AMI or below), (ii) ten percent (10%) of the units in the project to very-low income households (50% AMI or below), and (iii) the remaining eighty percent (80%) of the units in the project to lower-income households earning less than 80% AMI. Units financed by the Trust using Measure A funding provided through LACAHSA must be allocated and restricted to households earning 80% AMI or below.

(2) A project that is 100% affordable housing that allocates and restricts (i) ten percent (10%) of the units in the project to extremely-low income households (30% AMI or below), (ii) the greater of 50 units or 50% of the units in the project to very-low income households (50% AMI or below), and (iii) the remaining units in the project may be moderate-income households up to 120% AMI. Units financed by the Trust using Measure A funding provided through LACAHSA must be allocated and restricted to households earning 50% AMI or below.

(3) A project that includes units serving households earning above 120% AMI, with (i) ten percent (10%) of the units restricted to extremely low-income households (30% AMI or below), and (ii) ten percent (10%) of the units restricted to extremely low or very low-income households (50% AMI or below). Units financed with Trust Measure A funding must be restricted to extremely low-, very low-, or low-income households earning no more than 80% AMI.

~~For projects subject to criteria (2) and (3), Trust Measure A funding shall not be used in connection with any affordable unit that contributes to development incentives, density bonuses, or similar programs used by the project. If a project that includes units affordable to households making more than 80% AMI received development incentives or density bonuses due to the project having a certain number of affordable units, those affordable units are ineligible to receive Trust funding. However, if a project provides an excess of affordable units beyond those required to receive any development incentives or density bonuses, those excess units are eligible to receive Trust funding.~~

~~As an example of the above, if a project is located on a site with zoning that allows for up to 50 units without any development incentives or density bonuses includes five units affordable to lower income households in order to be granted a 20% density bonus, those five affordable units are not eligible to receive Measure A funding. However, if the project includes ten units affordable to lower income households, but still only receives a 20% density bonus, then the additional five affordable units may receive Measure A funding.~~

More restrictive affordability requirements for LACAHSA-funded units may be identified in each NOFA, in the event that the Trust must fund additional extremely-low and very-low income units in order to meet its portfolio-wide affordability requirements as required by California Government Code Section 64830(d)(1)(A)(ii)(I).

2.6. Prevailing Wage and Labor Requirements

Projects awarded funding by the Trust are required to comply with all applicable state and federal prevailing wage laws and requirements with respect to the project. Trust will require developer to defend, hold harmless and indemnify Trust and local agency for any and all Labor Code violations on terms acceptable to Trust

Pursuant to Section 1771 of the California Labor Code, the payment of state prevailing wages is required with respect to certain projects determined "public works" under California Labor Code Section 1720 *et seq.* For projects awarded funding by the Trust, the Trust will presume that applicants will pay state prevailing wages with respect to the project pursuant to and in compliance with California Labor Code Section 1720 *et seq*. or similar statute, unless the applicant submits as part of the Trust NOFA application a legal opinion from its legal counsel determining and affirming that the project is exempt from the payment of state prevailing wages under California law and detailing the legal basis for

such determination. If the project is subject to the payment of federal prevailing wages under the federal Davis-Bacon Act or similar federal statutes, the applicant shall submit such determination as part of the Trust NOFA application.

2.6.1. LACAHSA

Projects funded with Measure A funding shall constitute a public work for which prevailing wages shall be paid in accordance with Section 1720 of the Labor Code. Additionally, projects that are 40 units or larger must also comply with the Countywide Community Workforce Agreement, executed by the Los Angeles County Chief Executive Officer on June 7, 2023, or any successor to the Community Workforce Agreement. Trust will require developer to defend, hold harmless and indemnify Trust and local agency for any and all Labor Code violations on terms acceptable to Trust.

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3. Award and Loan Terms

3.1. Award Time Limit

Award of funds through this NOFA shall expire twelve (12) months after the date of the initial commitment letter from the Trust. Limited extension of an expiring Trust funding commitment may be considered by the Trust. The Trust's Executive Director may approve an extension of up to 60 days at their discretion. Extensions beyond that time must be approved by the Trust's Board of Directors at their sole discretion. Applicants are responsible for submitting extension requests in writing to Trust staff, detailing the reasons that warrant such a requested extension. Requests must be submitted prior to the expiration of the funding commitment (which expiration must not occur prior to the Trust Board of Directors' consideration of an extension request) and no later than three (3) weeks before a scheduled Trust Board of Directors meeting. Regular meetings of the Trust Board of Directors are held monthly and posted on the Trust's website at sbrht.org.

3.2. Maximum Award Amount

The maximum Trust loan amount for each project will be determined based on the number of affordable housing units assisted with Trust funds and may vary according to unit size, affordability level, and demonstrated project need. There is no predetermined maximum award; rather, applicants must propose a specific Trust loan amount and provide a clear justification supported by a detailed development budget and evidence of efforts to secure other reasonable sources of financing.

The Trust will determine the final loan amount based on the project's documented funding gap, financial feasibility, and the extent to which the applicant has leveraged additional public and private resources. In evaluating requests, the Trust will consider the reasonableness of the proposed per-unit subsidy and the overall availability of Trust funds, with the goal of maximizing the impact of limited resources across multiple projects. The Trust reserves the right to adjust or limit awards where the requested amount exceeds what is necessary for project feasibility or would unduly restrict funding availability for other projects.

The maximum unit loan amounts are shown below:

Unit Size	Income Level		
	30% AMI	50% AMI	80% AMI
0 Bedroom	$~~210~~255,000	$175,000	$~~125~~100,000
1 Bedroom	$~~270~~325,000	$230,000	$~~170~~140,000
2 Bedrooms	$~~325~~395,000	$285,000	$~~220~~175,000
3 Bedroom or larger	$~~385~~465,000	$335,000	$~~265~~210,000

These loan limits were determined ~~by dividing~~based on the ~~subsidy~~anticipated gap financing needed for each unit ~~in half, anticipating~~size and income target. The gap for extremely low-income units (30% AMI) was multiplied by 60%, the ~~other half of~~gap for very low-income units (50% AMI) was multiplied by 50%, and the gap for low-income units (80% AMI) was multiplied by 40%. The necessary ~~subsidy will come from other funding sources. The necessary subsidy~~gap financing was calculated by subtracting the amount of supportable debt based on 2026 restricted incomes from the cost of building each unit. The average cost of construction is anticipated to be $655 per square foot, with 0-bedroon units at 800 square feet, 1-bedroon units at 1,000 square feet, 2-bedroom units at 1,200 square feet, and 3-bedroom units at 1,400 square feet. Supportable debt was calculated with 70% of rent available for debt service at a 6% interest rate.

3.3. Terms and Conditions of Trust Loan; Term of Loan

Applicants shall agree to the loan award terms and conditions ("Terms and Conditions") detailed in this section as part of any funding award. Any request to modify these Terms and Conditions after an award is made will be considered solely at the discretion of the Trust's Executive Director in furtherance of these Guidelines. Failure to accept these Terms and Conditions will result in forfeiture of any Trust funding award and commitment.

3.3.1. Funding Timing

Program funds may be made available at the closing of the construction loan or closing of the permanent loan, subject to the availability of Trust funds at the time of construction loan closing. Program funds shall not be made available to projects after the project's construction loan closing and during the course of construction.

3.3.2. Interest Rate

Loans will bear an interest rate of three percent (3%) simple interest. Interest will be calculated based on a 360-day year and the actual number of days elapsed, commencing on the date of Trust loan closing.

3.3.3. Term

Loans will be for a term of fifty-five (55) years, commencing on the date of conversion of construction financing to permanent financing.

3.3.4. Loan Repayment

The Trust loan will be repaid through residual receipts. An amount equal to fifty percent (50%) of Net Operating Income (as defined in Section 3.3.5, Residual Receipts Loans, below), if any, will be paid to the Trust and other public agencies (if any) providing residual receipts loans, and fifty percent (50%) to the developer. The 50% of cash flow payable to

public agencies shall be shared by agencies in an amount proportional to the loan provided by such agencies. The value of non-loan contributions by other agencies (i.e. ground lease, project-based vouchers) shall not be considered as part of the loan value when calculating the Trust's share of the residual receipts split.

3.3.5. Residual Receipts Loans

The following is the definition of a residual receipts loan which will be used by the Trust to underwrite projects:

The loan for the project will be repaid from the Net Operating Income (NOI), if any, from the project as calculated ninety (90) calendar days after the close of each fiscal year.

By submitting an application pursuant to a Trust issued NOFA, applicant is deemed to understand and agree to the definitions and requirements set forth in these Program Guidelines and must use the stated assumptions for underwriting its project.

3.3.6. Security

The Trust loan shall be evidenced by a promissory note and secured by a deed of trust on the developer/project owner's interest in the property. The Trust may, but is not required to, accept a leasehold deed of trust on projects where the developer has a ground lease of the site for the project.

3.3.7. Subordination

The Trust may, in its sole discretion, subordinate loan repayment and security positions to a conventional lender or other public agency lenders, including, but not limited to, the State of California HCD, County of Los Angeles, city loans, and CalHFA or AHP loans.

The Trust's Regulatory Agreement and affordability covenants shall not be subordinated to any deed of trust or other mortgage lien except to the extent such a subordination is otherwise required by statute or state or federal regulation, and the Trust's Regulatory Agreement and affordability covenants may be subordinated to other regulatory agreements and affordability covenants upon the Trust's approval in its sole discretion.

3.3.8. Additional Flow Down Provisions

Additional contractual flow down provisions will be included in the Trust's loan documents as required by the specific funding source(s) used to fund the Trust loan.

3.4. Release of Funds

The Trust will disburse funds at the time of construction loan closing or permanent loan closing, as applicable based on the Trust's written commitment, concurrently with the other construction financing closing or permanent financing closing for the project. If Trust funds are disbursed at construction loan closing and are in excess of expenses incurred at

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that time, Trust funds shall be deposited into a primary (senior) lender-controlled account and drawn down in the course of construction as if they were primary (senior) lender funds.

3.5. Trust Fees

3.5.1. Loan Issuance Costs

The Trust will charge to the developer all actual project related costs associated with project loan closing, including, but not limited to, title insurance premiums, escrow fees and costs, title fees and costs, and reasonable attorneys' fees and staff time of the Trust. Attorneys' fees and staff time costs on any project shall not exceed $75,000 or 25% of the amount of the Trust loan commitment to the project, whichever amount is lower.

3.5.2. Compliance Monitoring Fee

The Trust will charge all projects an annual minimum compliance monitoring fee of $115 per Trust-funded unit per year for Fiscal Year 2026-27. This fee will increase annually in accordance with the Consumer Price Index for Los Angeles – Anaheim – Riverside (All Urban Consumers – All Items) (CPI). The current applicable fee will be published in each Trust issued NOFA.

The first compliance monitoring fee will be invoiced and payable to the Trust at the time of Trust loan closing, and subsequently invoiced annually after conversion to permanent financing for the term of the Regulatory Agreement, regardless of early Trust loan repayment.

3.6. Developer Fee Limit

The maximum developer fee permitted in a project shall be the same as the maximum developer fee allowed under the CTCAC regulations, for those projects that have been or will be awarded Low-Income Housing Tax Credits, as adopted by the CTCAC at the time the applicable Trust issued NOFA is issued. For projects not receiving Low-Income Housing Tax Credits, the maximum developer fee shall be the same as the maximum developer fee allowed under the California Department of Housing and Community Development's 2017 Uniform Multifamily Regulations, as may be amended.

3.7. Changes in Project Applicant; Transfer

The qualifications and identity of the project applicant are of particular concern to the Trust, and it is because of those qualifications and identity that the Trust may agree to provide a loan of funds to applicant. Therefore, no voluntary or involuntary successor in interest of applicant will acquire any rights, benefits, interests, or powers under the Trust's issued NOFA and NOFA application process, or in any subsequent Trust loan commitment and loan documents of the Trust should the Trust agree to provide a loan of funds to applicant.

Project applicants must be the project partnership's general partner. Replacement of the project partnership's general partner by the investor limited partner shall be subject to prior written approval of the Trust. In the event of removal of the project partnership's general partner for cause, the limited partner may temporarily replace the general partner with an affiliate of the limited partner for a period of no more than ninety (90) calendar days. Any permanent replacement general partner shall be subject to prior written approval of the Trust.

Additionally, any "**Transfer**" requires the prior written approval of the Trust, as further described in the Trust loan agreement documents. A "**Transfer**" generally means the following, subject to the express definition included in the Trust loan agreement documents:

a. The sale, agreement to sell, transfer or conveyance of the property, the project, or any portion thereof or interest therein (including, but not limited to, a beneficial interest), whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment sale contract or similar instrument affecting all or a portion of the property or the project, or the lease of all or substantially all of the property or the project;

b. The transfer, assignment, hypothecation, or conveyance of legal or beneficial ownership of an interest in the borrower, or a conversion of borrower to an entity form other than that of borrower at the time of execution of the Trust loan agreement, except that a cumulative change in ownership interest of a general partner of borrower of forty-nine percent (49%) or less will not be deemed a "Transfer"; or

c. Any assignment or transfer of all or any part of the Trust loan agreement documents, or any interest in the Trust loan agreement documents.

3.8. Changes in Project Financing

Material changes in the projects financing, including but not limited to additional funding sources, inclusion of rental subsidies, or changes in funding programs (i.e. changing from 4% tax credits to 9% tax credits) are subject to the Trust's re-underwriting and approval by the Trust's Board of Directors.

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4. Application

Each Trust issued NOFA will include a link to the application form and the application submittal due date. All applications will be automatically dated and time stamped upon submission. The application will consist of several parts, which are described below.

4.1. General Application Form

The General Application Form will collect basic information about both the project and the applicant. Project information will include project name, address, and type of project. Applicant information will include the applicant's name, contact information, and the legal structure of the applicant.

4.2. Project Narrative

A narrative description of the project is required. The project narrative must include:

1) The purpose and the scope of the project.
2) Identify the neighborhood the project will serve.
3) Summarize the condition of the housing stock in the neighborhood.
4) Document neighborhood services (e.g., public transportation, schools, shopping, etc.)
5) Discuss the process and timing to receive entitlement approvals.

The project's narrative description will be submitted as a long-form text entry field in the online application form. There is no specific character limit for this text entry field; however, applicants are encouraged to be concise and brief in describing the project.

4.3. Project Proforma

The Trust will provide all applicants with a blank project proforma in Excel format for them to fill out and submit as part of their application. The completed project proforma must be submitted in an Excel format; PDF copies will not be accepted.

In the event that the project proforma does not show any repayment of the Trust's loan within the first fifteen (15) years of project operation, the applicant shall also include a 55-year cashflow projection as part of the submission.

4.4. Financial Notes and Assumptions

Provide a brief narrative regarding each of the expected funding sources and their expected timing and other details indicating the likelihood of an award of such funding.

The project's financial notes and assumptions will be submitted as a long-form text entry field in the online application form. There is no specific character limit for this text entry

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field; however, applicants are encouraged to be concise and brief in detailing their financial assumptions.

4.5. Enforceable Financing Commitments

Provide evidence of enforceable financing commitments for all non-competitive financing (i.e., conventional debt, local public agency soft loans, etc.) and that entitlements for a project are complete or the project can be developed by-right. Evidence of enforceable financing commitments to be provided at application submission excludes funding awards through CTCAC/CDLAC, Homekey+, HCD SuperNOFA, and the LACDA NOFA.

The evidence of readiness to proceed will be accepted as a PDF. The file size for the PDF is limited to 10 megabytes.

4.6. Competitive Funding Scoring Analysis

Provide an analysis demonstrating the project's anticipated scoring under the State or County funding program identified in the Trust issued NOFA. Applicants shall use the Trust's Competitive Funding Scoring Analysis Worksheet to calculate and submit a self-score.

The completed funding scoring analysis will be accepted as a PDF. The file size for the PDF is limited to 10 megabytes.

4.7. Project Site Appraisal

Provide a project site appraisal that meets the requirements of CTCAC Regulations Section 10322(h)(2)(V) and that supports the land costs shown in the project proforma. If the land cost is being used as a source of funds, such as if a city is contributing the land for a nominal fee or as a long-term ground lease, the project site appraisal must be equal to or greater than the value of the land shown as a source of funds for the project.

The project site appraisal will be accepted as a PDF. The file size for the PDF is limited to 100 megabytes.

4.8. Project Schedule

Provide a project schedule that includes at a minimum:

- Funding milestones (anticipated application and award dates for all other funding sources);
- Anticipated construction loan closing date;
- Construction duration; and,
- Anticipated placed in service date.

The project schedule will be accepted as a PDF. The file size for the PDF is limited to 10 megabytes.

4.9. Development Team Members

Provide the name, address, contact person, telephone number, e-mail address, and resumes for members of the proposed project team. Include the developer principals and project manager, architect, civil engineer, contractor, and social services provider (if applicable).

Included in the information regarding each development team member, applicants shall disclose any current or prior litigation, claims, judgments, or bankruptcy proceedings involving the applicant, its principals, affiliates, or any entity under substantially common ownership or control that occurred within the past ten (10) years.

The disclosure shall include a brief description of the matter, parties involved, status or resolution, and any potential impact on the applicant's financial capacity or ability to perform under the proposed loan.

Failure to disclose such information may result in disqualification of the application or termination of any award made under this Program.

The list of development team members and their resumes will be accepted as a PDF. Resumes must be limited to no more than two pages per team member. Please exclude any marketing material from all team members. The file size for the PDF is limited to 100 megabytes.

4.10. Applicant Experience

Provide a brief description of the applicant's experience sufficient to show compliance with the requirements of Section 2.2.

The applicant's experience will be submitted as a long-form text entry field in the online application form. There is no specific character limit for this text entry field; however, applicants are encouraged to be concise and brief in detailing their experience.

4.11. Applicant Financial Strength

Provide the most recent audited financial statements of applicant and general partner and a schedule of real estate owned by applicant. A template for the schedule of real estate owned is provided on the Trust's website; however, other formats that include similar information will be accepted.

The audited financial statements and schedule of real estate owned by applicant will be submitted as separate PDFs. The file size for each PDF is limited to 100 megabytes.

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4.12. Site Control

Provide evidence of site control in the form of a Preliminary Title Report that meets the requirements of CTCAC Regulations Section 10322(h)(9) and shows that showing the applicant is the owner of the site, or an enforceable option agreement to purchase the site, or a Disposition and Development Agreement (DDA) with the local jurisdiction that owns the property, which provides for the disposition of the site to the applicant, or a fully executed ground lease. Evidence of site control is subject to the approval of the Trust.

The evidence of site control must be uploaded as a PDF as part of the application. The size of the PDF is limited to 10 megabytes.

4.13. Entitlement Readiness & Environmental Clearance

Provide evidence of entitlement readiness and environmental clearance showing that the project is fully entitled and has cleared all legally required environmental review, including compliance with CEQA and NEPA as required. Evidence of entitlement readiness and environmental clearance may take the form of a letter from the local jurisdiction with appropriate regulatory authority attesting to the readiness and clearance, or that the project may be developed by-right. This letter may be combined with the Local Jurisdiction Acknowledgement Letter described in Section 4.14, below.

The evidence of entitlement readiness and environmental clearance must be uploaded as a PDF as part of the application. The size of the PDF is limited to 10 megabytes.

4.14. Local Jurisdiction Acknowledgement Letter

Provide a letter from the local jurisdiction in which the project is located stating that the governing body of the local jurisdiction is aware of the proposed project and supports the development of the project by the applicant. This letter may be from the jurisdiction's City Manager or Community Development Director, or an equivalent official who is authorized to issue such a letter. This letter may be combined with the Entitlement Readiness & Environmental Clearance letter described in Section 4.13, above.

This Local Jurisdiction Acknowledgement Letter must be uploaded as a PDF as part of the application. The size of the PDF is limited to 10 megabytes.

4.15. Levine Act Statement

To comply with Government Code Section 84308, a provision of the California Political Reform Act generally known as the "Levine Act" which became effective January 1, 2023, each applicant must complete and submit a Campaign Contribution Disclosure Form with its application.

The Levine Act Statement will be uploaded as a PDF through the application form. The size of the PDF is limited to 10 megabytes.

5. Scoring & Evaluation

5.1. Applicant Integrity and Prior Performance Review

Applicants are expected to present accurate and supportable information, and to pursue the project substantially as described in their application. Material deviations from the representations made in a submitted proposal— including, but not limited to, a failure to apply for or diligently pursue external funding sources identified in the application, a withdrawal without adequate justification, or to provide any information later found to have been materially overstated, misleading, or incorrect for the purpose of enhancing competitiveness—may be treated as a performance concern. Without limiting any rights of the Trust, the Trust reserves the right, in its sole discretion, to consider all such matters and other matters, representations, and history in all future Trust NOFA cycles. Such consideration may include reduced scoring, placement in a lower priority category, or a determination not to recommend funding, even if a subsequent application would otherwise score higher than competing proposals.

5.2. Threshold Eligibility Requirements

To be considered for funding under a Trust issued NOFA, each application must demonstrate that the proposed project satisfies all threshold eligibility requirements. These requirements establish the minimum readiness, feasibility, and public-policy alignment needed for the Trust to evaluate a project for competitive scoring and potential Trust funding commitment. Applications that do not meet every threshold requirement listed below will be deemed ineligible and will not advance to the scoring or review stages.

Applicants must provide clear and verifiable documentation for each threshold item. The Trust reserves the right, in its sole discretion, to request clarifications, additional materials, or third-party verification as needed to confirm eligibility of an application.

Applications must include documentation demonstrating compliance with all of the following:

1) Project Eligibility
   a) Project meets all eligibility requirements identified in Sections 2.1 through 2.3.

2) Site Control and Development Readiness
   a) Evidence of enforceable site control sufficient to advance the project through financing and construction including but not limited to enforceable option agreement, fully executed ground lease, DDA, or fee title.

b) Entitlement readiness, either through confirmation that the project is by-right under current zoning or through submission of all required discretionary approvals, with no outstanding hearings or major land-use conditions.

c) Environmental compliance status, including evidence that, as required, CEQA and/or, where applicable, NEPA review is completed.

3) Financing Readiness and Project Feasibility

a) Development schedule demonstrating readiness to apply for the next appropriate competitive funding round of primary funding (e.g., LIHTC, LACDA) and a feasible path to securing all required construction and permanent financing within the standard timeframe for those programs.

b) Preliminary development budget and pro forma showing reasonable and supportable assumptions for rents, expenses, reserves, operating inflation, and long-term financial sustainability.

4) Local Jurisdiction Support and Policy Alignment

a) Letter of support issued by the local jurisdiction's executive management (City Manager or Community Development Director or an equivalent official who is authorized to issue such a letter) indicating awareness of the project and support for its advancement by applicant.

b) Alignment with the local jurisdiction's Housing Element and related local housing policies, demonstrating that the project supports the city's housing goals including consistency with RHNA strategies and programmatic commitments, even if it is not located on a Housing Element-identified site.

c) Acknowledgement and agreement with affordability requirements for the term of at least 55 years or longer, consistent with long-term public investment standards.

5) Applicant Commitment to Trust NOFA Terms, Conditions, and Ongoing Compliance

a) The applicant must certify that it has reviewed the full contents of these Program Guidelines and understands all Program requirements, and that it agrees to comply with all terms and conditions of these Program Guidelines as a condition of eligibility and funding. The applicant further acknowledges that these requirements remain applicable throughout the development, financing, and operations of the project, regardless of the participation of additional funding sources that may later impose differing or conflicting requirements.

Where multiple funders are involved, the applicant is responsible for ensuring that the Trust's requirements are preserved and incorporated into all future agreements, regulatory documents, and loan negotiations. Any deviation from these requirements without prior written approval from the Trust may result in withdrawal of the Trust's funding commitment or adverse consideration in future Trust issued NOFA funding rounds.

5.3. Project Evaluation and Scoring Methodology

Eligible applications will be evaluated across ~~multiple~~four scoring categories: 1) ~~Developer Capacity; 2) Financial~~Project Feasibility; ~~3~~2) Competitive Funding Scoring ~~Analysis; 4) Risk; 5)~~; 3) Community Need; and ~~6)~~4) City Contribution. Additionally, in the event of a tie, projects will be scored based on geographic equity. Together, these categories evaluate the project's readiness to advance toward construction and permanent financing, the strength and experience of the development team, the overall financial feasibility of the proposal, the project's likelihood of securing external competitive funding, and the needs of the community in which the project will be developed. This scoring framework is intended to prioritize Trust resources for projects that best advance the Trust's funding objectives and demonstrate the greatest potential for successful and timely development. Projects may receive a maximum of 100 points.

5.3.1. ~~**Developer Capacity — XX**~~Scoring Criteria

1) Project Feasibility — 30 points

This category evaluates the ~~strength of each applicant's~~overall project feasibility, taking into account developer experience ~~developing affordable housing.~~beyond the threshold requirements, existing and outstanding funding commitments, and other risk factors.

~~Developer Capacity~~Project Feasibility	Definition	Points
High ~~Capacity~~Feasibility	• ~~≥10~~Applicant has completed ten or more public-funded projects~~— Demonstrated track record delivering LIHTC/HCD/LACDA or similar projects.~~. • ~~LIHTC/HCD/LACDA experience — Key staff have closed or managed public-funded housing projects.~~ • ~~Qualified property manager & on-site manager — Experienced in affordable housing property management in place.~~ • ~~Applicant has no unresolved audit findings or material compliance issues with public funders within the past five (5) years, as verified through submitted audits and compliance certifications.~~Debt, equity, and other gap financing sources committed. • Project has no outstanding approvals or other impediments to the commencement of construction.	~~XX~~30
Moderate ~~Capacity~~Feasibility	• ~~<10~~Applicant has completed between nine to five public-funded projects~~— Some relevant experience~~.	~~XX~~20

	• ~~Some LIHTC/HCD experience — Limited exposure to public programs.~~ • ~~Management plan incomplete — Property management approach lacks detail.~~Soft funding sources committed. • Project has a clear schedule for all outstanding approvals and other items required to commence construction.	
Low Feasibility	• Applicant has completed up to four public-funded projects. • Indication from other soft lenders that commitments are in process. • Project needs clearances from outside agencies. (e.g. Coastal Commission, Department of Fish and Wildlife, CalFire, etc.)	10
~~Minimum Capacity~~No Feasibility	• ~~Minimum development experience – Meets the minimum affordable housing development experience required under the Threshold Review Criteria.~~ • ~~Development team experience — Development~~Applicant has completed fewer than three public-funded projects. • No indication that other funders have been engaged by applicant. • Project has unresolved environmental or ~~property management demonstrates the minimum necessary expertise.~~ • ~~Compliance/financial~~other issues ~~— Past compliance or financial concerns that do not rise to a level~~ that ~~would make the applicant ineligible under the Threshold Review Criteria~~will delay construction indefinitely.	0

~~2) Financial Feasibility — XX points~~

~~This category evaluates the financial feasibility of the proposed project. Financial feasibility will be evaluated according to the underwriting criteria outlined in Section 6 and in Attachment A of these Guidelines.~~

~~Financial Feasibility~~	~~Definition~~	~~Points~~
~~High Feasibility~~	• ~~Debt, equity, and gap financing sources committed — Key financing sources have term sheets or letters (tax credits, tax-~~	~~XX~~

	~~exempt bonds, and County funding need not be committed prior to Trust award.)~~ • ~~Leverage of Trust funding at least ≥20:1 for each Trust dollar requested for the project.~~ • ~~Costs within standards — Hard and soft costs fall within the typical cost ranges for similar affordable housing projects in the region, based on recent LIHTC and publicly funded developments.~~ • ~~Financing structure identified — Lenders and loan terms clearly described.~~	
~~Moderate Feasibility~~	• ~~Some sources identified — Not all funding is committed.~~ • ~~Leverage of Trust funding 10:1-19:1 — Acceptable but not strong.~~ • ~~Costs slightly high — Costs exceed benchmarks but remain supportable.~~	~~XX~~
~~Low Feasibility~~	• ~~Unrealistic numbers — Costs or rents inconsistent with norms.~~ • ~~Limited evidence of funder interest — No term sheets or letters.~~ • ~~Leverage of Trust funding <10:1 — Overreliance on Trust funds.~~	~~0~~

~~3)~~2) Competitive Funding Scoring Analysis — ~~XX~~30 points

This category evaluates the likelihood that the project will successfully secure an award from its next targeted external primary funding source (e.g., 9% LIHTC, 4% LIHTC + Bonds, HCD SuperNOFA, LACDA Multifamily NOFA). Applicants must submit a scoring analysis using the official scoring rubric for the primary funding program they intend to apply to.

The Trust will assess competitiveness by comparing the project's projected application score – including required tie-breaker metrics where applicable – against the actual funding-round thresholds from the most recent funding cycle. For programs that use tie-breakers (such as 9% LIHTC), the funded cutoff is defined as the lowest scoring funded application inclusive of the tie-breaker.

Because CTCAC only applies the tie-breaker when point scores are equal, any project that does not achieve the full point score is less competitive, even if its projected tie-breaker is higher than a full-scoring project.

Projects will be assigned to a funding probability category based on how their projected score and tie-breaker compares to actual funding cutoffs from the most recent cycle. Points will be awarded according to the table below.

Probability Category	Definition	Points
Very High Probability	Project meets or exceeds the most recent primary funded score threshold for its targeted program, including tiebreakers where applicable.	~~XX~~30
High Probability	Project is within a reasonable margin of the most recent primary funded score threshold (e.g., 0–3 points or within 3-5 percentage points on a tie-breaker), with a plausible path to meeting the threshold.	~~XX~~25
Moderate Probability	Project falls moderately below the primary funded score threshold (e.g., 4–6 points below or 6-10 percentage points on a tie-breaker) of the most recent cycle and has identifiable weaknesses that reduce competitiveness.	~~XX~~20
Low Probability	Project is significantly below the primary funded score threshold (e.g., more than 6 points or more than 10 percentage points on a tie-breaker) or lacks competitiveness in key categories.	~~XX~~10
Very Low Probability	Project is unlikely to secure external primary funding in the next cycle; score and/or tie-breaker show substantial gaps compared to funded thresholds.	0

~~4) Risk — XX points~~

~~This section evaluates the risk to completion for each project. Risk evaluation is primarily related to schedule risk, including risk of not commencing or completing construction in a timely fashion.~~

~~Risk~~	~~Definition~~	~~Points~~
~~Low Risk~~	~~• Clear closing path — Conditions precedent to closing are feasible and on schedule.~~ ~~• No legal/environmental issues — Clean title, no contamination, no pending litigation.~~ ~~• Strong contingency plan — Cost contingencies and mitigation strategies are documented.~~ ~~• Reliable team — Architect, GC, and consultants have strong track records in affordable housing development.~~	~~XX~~
~~Moderate Risk~~	~~• Some risks outstanding — Issues exist but are manageable.~~ ~~• Delayed but feasible — Closing likely but may slip.~~	~~XX~~
~~High Risk~~	~~• Major unresolved issues likely to jeopardize or delay development — Litigation, contamination, or other similar hurdles.~~ ~~• Unrealistic schedule — Timeline does not align with public funding deadlines.~~	~~0~~

~~5)~~3) Community Need — ~~XX~~30 points

This category evaluates proposed projects based on their ability to meet identified community needs. Community need points are cumulative; projects may earn points for meeting the needs of identified populations and being located on identified housing sites.

Community Need	Definition	Points
Identified Housing Site	• Project is located on property identified as an affordable housing site in the local jurisdiction's Housing Element of the city where the project is located, and provides for the unit count and affordability levels consistent with those identified for the site.	~~XX~~10
Identified Population Need	• Large Family Project — Meets requirements as defined in California Code of Regulations, Title 4, Division 17, Chapter 1, Section 10325(g)(1); • Senior Project — Meets requirements as defined in California Code of Regulations, Title 4, Division 17, Chapter 1, Section 10325(g)(2); • Special Needs Project — Meets requirements as defined in California Code of Regulations, Title 4, Division 17, Chapter 1, Section 10325(g)(3); or • Veterans Housing – Project includes a funding source that limits eligible tenants to veterans for a minimum of eight (8) units or 25% of the project, whichever is less. Examples of funding sources for veterans include, but are not limited to, Veterans Housing and Homelessness Prevention Program (VHHP) and Veterans Affairs Supportive Housing (VASH) vouchers.	~~XX~~20
No Additional Community Need	• Project does not meet any of the above criteria for Community Need.	0

~~6)~~4) ~~Geographic Equity — XX~~City Contribution — 10 points

~~This category~~This category evaluates proposed projects based on the amount of funding committed to the project by the city.

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City Contribution	Definition	Points
High Contribution	• Project has received a funding commitment from the city for more than the funding requested from the Trust.	10
Low Contribution	• Project has received a funding commitment from the city for less than the funding requested from the Trust.	5
No Contribution	• Project has not received a funding commitment from the city.	0

5.3.2. Tie Breaker

In the event of two or more projects being tied on points after evaluation of the scoring criteria, a tie breaker will be applied based on geographic equity. This tie breaker is to intended to promote equitable geographic distribution of Trust resources to the various Trust-member cities. ~~It is the intent of the Trust for each Trust-member city to receive an equitable amount of Program funding, so long as there are eligible projects in each city applying for Trust funding. Geographic Equity points are intended to provide a competitive preference and shall not guarantee or reserve any specific amount of Program funding for any Trust-member city.~~

~~The equitable distribution of funding~~The geographic equity tie breaker shall be determined by each Trust-member city's share of lower income RHNA, as shown below. This table shall be updated each time a city joins or leaves the Trust, and at the beginning of each RHNA cycle.

City	Lower Income RHNA	Share of Lower Income RHNA
El Segundo	277	2.~~70~~21%
Gardena	2,246	17.93%
Hawthorne	649	~~6.31~~5.18%
Hermosa Beach	359	~~3.49~~2.87%
Inglewood	2,768	~~26.93~~22.10%
Lawndale	1,043	~~10.15~~8.33%
Lomita	363	~~3.53~~2.90%
Manhattan Beach	487	~~4.74~~3.89%
Rancho Palos Verdes	392	3.~~81~~13%
Redondo Beach	1,444	~~14.05~~11.53%
Rolling Hills Estates	29	0.~~28~~23%
Torrance	2,467	~~24.00~~19.70%
Total	**~~10,278~~12,524**	**100.00%**

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~~Each issued NOFA~~The tie breaker shall ~~include a calculation of~~be calculated based on the percent of funding committed to projects in each Trust-member city over the preceding five years or, if shorter, since the commencement of the Program. This percent will be compared to each city's share of lower income RHNA, creating a ratio between the two. Ratios above one represent cities that have received more than their share of funding from the Trust, while cities with ratios between zero and one represent cities that have received less than their share of funding.

~~Point scores will be awarded to projects based on the city where the project is located. All projects in the same city will receive the same point score for this category. Cities with the lowest ratio will receive the most points. Specific point scores for each city will be specified in each NOFA.~~

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6. Underwriting

6.1. Financial Feasibility

Proposed projects must demonstrate financial feasibility for both construction and operations. The Trust's underwriting guidelines, included in Attachment A, will be applied to evaluate all projects.

For projects that contain commercial components, the application must include detailed sources and uses of funds with separate line items and apportioned amounts for commercial components that are separate from residential components. Tenant improvement costs shall not be included. The income and expenses from the residential portion of the project shall not be used to support the commercial portion and the commercial income shall not be used to support the residential portion of the project. Applicants must provide an analysis of the anticipated commercial income and expenses. However, as noted above under Section 2.4, if the project development includes non-affordable housing components such as commercial, open space, amenities that serve the community at-large (even if such amenities also serve the housing development), and any mixed-use or other community serving components, then **no portion** of the Trust 's loan may be used to finance any portion of such non affordable housing components of the project development.

Projects must use reasonable assumptions for tax credit pricing reasonably related to the Los Angeles County market. The Trust will not approve a project based on assumptions that are unreasonable or inconsistent with industry standards.

6.2. Partnership Management Fee

An annual Partnership Management Fee of up to $25,000 in the aggregate may be paid from project cash flow, prior to residual receipts payments. This fee must be substantiated prior to the closing of the Trust loan by the developer and cannot include charges for any office overhead for the development of the project or project operating expenses.

The Partnership Management Fee may only be paid during the tax credit compliance period and includes payments to all partners, including both the general partner(s) and the limited partner. Payments above this limit may be made from the borrower's portion of residual receipts.

6.3. Furnishings for Homeless Units

Projects that propose to serve homeless households must include costs to furnish all such units in the proposed development budget. At a minimum, each homeless furnished unit shall include:

- A bed and dresser in each bedroom;

- A dining table with chairs;
- A Sofa;
- A coffee table; and
- A lamp.

6.4. On-Site Manager

At a minimum, one (1) on-site manager is required for all projects. Larger projects may require more than one on-site manager. The on-site manager(s) must be full-time and reside at the project.

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Attachment A

Underwriting Assumptions

1. Max project loan amount:
    a. See Section 3.2.
2. Trust Loan Interest Rate:
    a. 3% simple interest
3. Maximum loan amount per unit:

Unit Size	Income Level		
	30% AMI	50% AMI	80% AMI
0 Bedroom	$~~210~~255,000	$175,000	$~~125~~100,000
1 Bedroom	$~~270~~325,000	$230,000	$~~170~~140,000
2 Bedrooms	$~~325~~395,000	$285,000	$~~220~~175,000
3 Bedroom or larger	$~~385~~465,000	$335,000	$~~265~~210,000

4. Maximum marketing costs:
    a. $2,000/unit.
5. Maximum common area furnishing cost:
    a. $1,250/unit.
6. Maximum contractor overhead, profits, and general requirements:
    a. 14% of total construction costs.
7. Developer fee
    a. within CTCAC limits for tax credit projects or in accordance with HCD 2017 UMR for projects without tax credits.
8. Maximum Partnership Management Fees (combined, all partners):
    a. $25,000/year
9. Operating reserve:
    a. Cash deposited into an operating reserve fund in such reasonable amounts as are required by Project lenders, the CTCAC, and the Investor Limited Partner from time to time, and approved in advance by the Trust. Notwithstanding the foregoing, for the Permanent Supportive Housing units in the Project (including, but not limited to, the Trust Restricted Units that are Permanent Supportive Housing units), cash deposited into an operating reserve fund in the amount equal to a minimum of 17-years of operating costs or rental subsidies are provided (i.e. Project Based Vouchers, VASH, Section 8, etc.).

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10. Replacement reserve:
    a. Cash deposited into a replacement reserve fund in the amount not-to-exceed $750 per unit per year (without escalation) for all units in the Project (including, but not limited to, the Trust Restricted Units).
11. Vacancy rate:
    a. 5%.
12. Rent inflation rate:
    a. 2.5%.
13. Misc. income inflation rate:
    a. 3.0%.
14. Expense inflation rate:
    a. 3.5%.
15. Debt coverage ratio:
    a. between 1.1 and 1.2.
16. Residual receipts:
    a. to repay Trust loan over loan term.
17. Appraisal to support the cost of land.
18. Min projected operating expenses:
    a. Total Operating Expenses (not including property taxes or the approved costs of on-site service coordination) shall not be less than those specifically listed in California Code of Regulations, Title 4, Division 17, Section 10327 as minimum Operating Expenses (without the reduction allowed by those regulations for bond-financed projects). The Trust may project higher Operating Expenses where warranted by the experience of comparable properties and particular building characteristics, such as the nature of the tenant population or the level of rehabilitation. Prior to Trust loan closing, the Trust may approve total Operating Expenses that are less than those specified in Section 10327, supra, only if the Project has an extraordinary design feature, such as its own electrical generation system, which results in a quantifiable operating cost savings as documented by a qualified third party.
    b. All Operating Expenses, including property management fees, shall be within the normal market range, as periodically determined by the Trust in surveys or based on costs observed in its portfolio of projects.
19. Contingency:

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a. Where the Trust is providing construction-period financing, the minimum budgeted construction contingency shall be five percent (5%) of construction costs for new construction projects.

20. Positive cash flow:
    a. The Project must demonstrate a positive cash flow for fifteen (15) years, using income and expenses increase rate assumptions specified in California Code of Regulations, Title 4, Division 17, Section 10327. If projected Project income includes rental assistance or operating subsidy payments under a renewable contract, the Trust may assume, unless otherwise notified by applicant, that such contract will be renewed where the renewal of the rental assistance or operating subsidy is likely.
21. Subordination Policy:
    a. The Trust may, in its sole discretion, subordinate loan repayment and security positions to a conventional lender or other public agency lenders, including, but not limited to, the State of California HCD, County of Los Angeles, city loans, and CalHFA or AHP loans.
    b. The Trust's Regulatory Agreement and affordability covenants shall not be subordinated to any deed of trust or other mortgage lien except to the extent such a subordination is otherwise required by statute or state or federal regulation, and the Trust's Regulatory Agreement and affordability covenants may be subordinated to other regulatory agreements and affordability covenants upon the Trust's approval in its sole discretion.
22. Leasehold/Fee Title Security Requirements:
    a. If borrower's interest in the property is fee title ownership of the property, the Trust's recordable documents shall be recorded against the fee title of the property. If borrower's interest in the property is a leasehold interest pursuant to a ground lease, the Trust's recordable documents shall be recorded against borrower's leasehold interest in the property, and the ground lease shall have a term remaining at the time of recordation of the Trust's recordable documents at least equal to the term of the Trust's loan and the term of the Trust's Regulatory Agreement and affordability covenants. Ground lessor must be a public agency and terms must be satisfactory to Trust.

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Affordable Multi-Family Loan Program
Notice of Funding Availability

January 4, 2027

The South Bay Regional Housing Trust ("SBRHT" or "Trust") is making available funding for affordable new construction rental housing in accordance with the Trust's Affordable Multi-Family Loan Program Guidelines dated November 30, 2026 ("Guidelines"). This Notice of Funding Availability ("NOFA") identifies the amount of funding available from each funding source, schedule for the NOFA application and award process, and the specific requirements of each funding source not otherwise identified in the Guidelines.

Funding Available

The Trust has a total of $5,002,482 available under this NOFA. The amount by funding source is identified in the table below:

Funding Source	**Amount**
FY25-26 LACAHSA PPO – New Construction	$1,138,499
FY26-27 LACAHSA PPO – New Construction	$3,863,983
Total	**$5,002,482**

Eligible Projects

Projects must be located in the following Trust-member cities:

- El Segundo
- Gardena
- Hawthorne
- Hermosa Beach
- Inglewood
- Lawndale
- Lomita
- Manhattan Beach
- Rancho Palos Verdes
- Redondo Beach
- Rolling Hills Estates
- Torrance

Refer to the Guidelines for other eligibility requirements.

NOFA Schedule

The NOFA milestones are listed below:

1. NOFA Issuance – January 4, 2027
2. NOFA Applicant Meeting and Q&A Session – XXX
    a. Register at: XXX
3. Application Deadline – February 12, 2027 by 5:00 p.m.
4. Trust Board Consideration of Funding Awards – March 18, 2027

Other Terms and Conditions of Funding

All projects applying for funding under this NOFA shall conform to all requirements identified in the Guidelines and all requirements imposed by the specific funding source identified in this NOFA. Other terms and conditions of funding are identified below:

- Annual Compliance Monitoring Fee shall be $TBD per Trust-funded unit per year. This fee will increase annually in accordance with the Consumer Price Index for Los Angeles – Anaheim – Riverside (All Urban Consumers – All Items) (CPI).

Application Process

All applications must be submitted through the Trust's online portal, located at XXX. Applications must be submitted through this website no later than February 12, 2027 at 5:00 p.m. All submissions will be automatically date and time stamped. The application will consist of several parts, which are described in the Guidelines.

Agenda Item VI-D

Affordable Pre-Development Loan Program

South Bay Regional Housing Trust

AGENDA ITEM: VI-E

November 30, 2026

TO: SBRHT Board of Directors

FROM: Jacki Bacharach, Interim Trust Executive Director

SUBJECT: Proposed Acquisition and Predevelopment Loan Program – Program Guidelines and Implementation Strategy

RECOMMENDED ACTION:

REVIEW AND PROVIDE DIRECTION ON THE DRAFT PROGRAM GUIDELINES AND THEIR IMPLEMENTATION.

BACKGROUND:

The South Bay Regional Housing Trust (Trust) Board has prioritized two complementary financing programs to encourage affordable housing development. The Multifamily Rental Housing (MFR) Program provides construction and permanent subsidy financing. The proposed Acquisition and Predevelopment Loan Program (Program) would support projects at their earliest stages, before construction financing is available.

While the Trust's initial emphasis would remain on affordable multifamily rental development, the proposed Program would also permit eligible affordable homeownership projects to seek acquisition and predevelopment financing.

Together, these programs would offer developers financing opportunities from site acquisition and project planning through construction and permanent financing. This coordinated approach is intended to attract affordable housing investment to member cities, reduce early development barriers, and build a pipeline of projects that may later seek MFR Program assistance. Trust funding under the Acquisition and Predevelopment Loan Program would not guarantee funding under the MFR Program.

DISCUSSION:

1. Program Strategy and Initial Funding Priority

The Program would finance eligible site acquisition and predevelopment activities for new affordable multifamily rental housing and qualifying affordable homeownership projects.

Predevelopment expenses include design, engineering, environmental review, entitlements, planning, and financing applications—costs that can be difficult and/or expensive to finance before a project has secured construction funding.

Staff recommends prioritizing predevelopment financing initially because discussions with Community Development Financial Institutions (CDFIs) indicate they already have substantial acquisition lending capacity, while predevelopment funding remains more limited. Under the proposed Guidelines, the Trust could contribute up to $750,000 per project for predevelopment, matched dollar-for-dollar by a CDFI, providing up to $1.5 million in combined financing.

The proposed Guidelines would also permit eligible affordable homeownership developments to receive acquisition and predevelopment financing. Such financing would be subject to a qualified CDFI's participation and approval, availability or Trust and CDFI funding, and applicable Program requirements. Staff recommends retaining this flexibility without establishing a separate homeownership funding allocation at this time.

The Guidelines also permit acquisition financing, with total Trust participation capped at $3 million per project, including predevelopment. Staff recommends retaining this flexibility, with Trust-funded acquisition financing considered at the Trust's discretion, subject to applicable Program requirements and Board-approved funding allocations. Trust and matching CDFI funds would be disbursed concurrently and proportionately.

2. CDFI Partnership and Program Advantages

The Trust would lend funds to one or more selected CDFIs, which would combine Trust capital with their own funds to make loans to qualified developers and cities. Participating CDFIs may provide financing for affordable rental and/or homeownership developments based on their respective lending products, underwriting standards, and available capital. Not all selected CDFIs would necessarily be required to finance both types of projects. CDFIs would market the Program, receive applications, perform underwriting and due diligence, document and close loans, disburse funds, service loans, monitor compliance, and collect repayments. Each CDFI would contribute at least a 1:1 match.

The Trust would establish Program policies, select CDFI partners, approve CDFI funding agreements and individual commitments of Trust project funds, and oversee CDFI compliance and the reinvestment of repayments.

For each proposed project, the CDFI would evaluate the applicant's experience, financial capacity, site control, project budget, collateral, environmental status, and anticipated repayment source. The CDFI would then request a reservation of Trust funds for eligible projects; the Trust would review Program compliance and approve any funding commitment. Approved reservations would generally be valid for up to 120 days, subject to the Guidelines.

Key advantages include: (1) expanding the pipeline of construction-ready projects; (2) leveraging each Trust dollar with at least one CDFI dollar; (3) offering below-market financing through the Trust's 3% rate on its share of each loan; (4) using established CDFI lending expertise rather than building an internal loan-servicing operation; and (5) revolving repayments into future eligible projects, subject to funding requirements.

3. Summary of Proposed Loan Terms

The proposed Program Guidelines establish the eligibility requirements, financing terms, and affordability standards for projects receiving Trust funding. The principal terms are summarized below.

Eligible projects / borrowers	New affordable multifamily rental and qualifying affordable homeownership projects in member cities; qualified nonprofit and for-profit developers and cities.
Funding / eligible uses	Measure A PPO – New Construction; eligible acquisition and predevelopment costs (not standalone rehabilitation or preservation).
Trust participation	Up to $3 million per project, including no more than $750,000 for predevelopment.
CDFI match	Minimum 1:1; Trust and CDFI funds disbursed proportionately.
Interest / fee	3% on Trust-funded portion, blended with CDFI rate; 0.2% Trust origination fee on its portion.
Term / repayment	Up to 36 months, with up to two six-month extensions; repayment generally at construction financing closing or maturity, whichever occurs first.
Security / loan-to-value	Up to 95% of appraised value for real-property-secured loans; alternative security may be accepted for predevelopment-only loans.
First-loss provision	In the event of default, the Trust assumes the first-loss position. Following payment of eligible enforcement and liquidation expenses, recoveries are applied first to the CDFI's outstanding participation and then to the Trust's participation with any remaining funds.

Affordability	Rental projects: 100% affordable at or below 80% AMI (except manager units); at least 10% at or below 30% AMI and an additional 10% at or below 50% AMI; generally 55-year covenant. Homeownership projects: Applicable Measure A ownership affordability, income eligibility, and resale restriction requirements.
Homeownership financing availability	Subject to participation by a qualified CDFI offering ownership development financing, CDFI underwriting and approval, availability of Trust and CDFI funds, applicable Measure A requirements, and Trust approval.
Applications/Reservations	Rolling applications through selected CDFIs; Trust fund reservations generally up to 120 days, subject to extensions.

Projects must comply with applicable Measure A requirements, including environmental review, labor standards, and other Program conditions. They must have a letter of support from the jurisdiction within which they are located.

At least 10% of units must serve households at or below 30% AMI, with an additional 10% serving households at or below 50% AMI. Affordability restrictions generally continue for at least 55 years.

Although the Program requires a 1:1 CDFI funding match, the Trust would assume the first-loss position, as summarized above. This structure is intended to encourage CDFI participation and leverage additional capital but exposes Trust funds to greater potential losses. The CDFI Funding Loan Agreements would establish detailed enforcement, recovery, and loss allocation procedures, subject to applicable Measure A requirements.

4. Implementation and Next Steps

Staff recommends the following steps to finalize the Program, establish CDFI partnerships, and return to the Board for approval and implementation.

1. **Draft CDFI Funding Loan Agreement.** Prepare an agreement addressing the match, disbursements, repayment, servicing, reporting, compliance, first-loss priority, enforcement, loss forgiveness, and remedies.

2. **Issue CDFI Request for Qualifications (RFQ).** Invite qualified CDFIs to propose their lending capacity, experience, financing terms, fees, and administration approach, including their experience and capacity to finance affordable homeownership acquisition and predevelopment projects, where applicable.

3. Evaluate and Negotiate. Meet with interested CDFIs, answer questions, review applications, and negotiate proposed funding loan agreements. Assess each CDFI's capacity to finance rental and ownership projects.

4. Return for Board Approval and Launch. Approve the guidelines, receive CDFI applications and agreements for approval; request a Board-approved allocation of Trust funds and authorization to launch the Program.

Staff anticipates completing these activities between November 2026 and April 2027, subject to Board approvals and execution of agreements.

CONCLUSION:

The proposed Program would complement the MFR Program, expand early-stage financing opportunities for affordable rental and ownership development, and leverage CDFI resources. Staff requests Board direction on the draft Guidelines and implementation strategy, with final CDFI agreements and funding allocations returning for subsequent Board approval.

ATTACHMENT:

Attachment A – Draft Acquisition and Predevelopment Loan Program Guidelines – November 2026

SOUTH BAY
REGIONAL HOUSING TRUST

Acquisition and Predevelopment Loan Program Guidelines

Revised November 2026

South Bay Regional Housing Trust

Site Acquisition and Predevelopment Loan Program Guidelines

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Introduction and Background

The South Bay Regional Housing Trust ("SBRHT" or "Trust") is a California joint powers authority serving the Cities of El Segundo, Gardena, Hawthorne, Hermosa Beach, Inglewood, Lawndale, Lomita, Manhattan Beach, Rancho Palos Verdes, Redondo Beach, Rolling Hills Estates, and Torrance. The Trust's mission is to empower South Bay cities with flexible funding, strategic guidance, and technical assistance that advance local housing priorities, expand housing opportunities, and support the development and preservation of affordable and supportive housing across the region.

The Trust Board has prioritized funding for multifamily rental housing, including construction financing and permanent subsidy loans. With the introduction of the Site Acquisition and Predevelopment Loan Program ("Program"), the Trust is expanding its financing resources to support affordable housing developments from initial site acquisition and predevelopment through construction and permanent financing. This comprehensive approach is intended to attract developers, improve project feasibility, and accelerate affordable housing production throughout the South Bay region.

The Trust receives recurring funding from Los Angeles County Measure A through the Los Angeles County Affordable Housing Solutions Agency ("LACAHSA"), in collaboration with the South Bay Cities Council of Governments ("SBCCOG"). This ongoing funding source strengthens the Trust's capacity to sustain its financing programs, leverage additional public and private investment, and support affordable housing development over time. The Trust also intends to actively pursue additional funding opportunities at the County, State, and Federal levels, as well as other public and private funding sources, to expand its financial resources and further advance its affordable housing priorities throughout the region.

The Program shall be funded with Los Angeles County Measure A funds allocated through LACAHSA's Production, Preservation, and Ownership ("PPO") – New Construction funding category. Program funds shall be used exclusively for eligible site acquisition and predevelopment activities supporting the new construction of affordable multifamily rental housing and affordable homeownership projects, subject to the availability of a participating CDFI willing to finance such projects, CDFI underwriting and approval, availability of Trust and CDFI funding, and applicable Measure A Requirements. The Program shall not finance the preservation or rehabilitation of existing housing as a standalone activity.

All Measure A funding shall be administered in accordance with applicable LACAHSA Program Guidelines, Measure A requirements, and the funding agreements governing the allocation and use of such funds by the SBCCOG and SBRHT (collectively, "Measure A Requirements").

Through the Program, the Trust intends to partner with one or more Community Development

Financial Institutions (“CDFIs”) to provide acquisition and predevelopment financing to qualified developers. The Trust intends to leverage its funding with matching funds from the selected CDFIs to expand available capital and maximize the Program's impact.

Although subsequent financing is not guaranteed, the Trust anticipates that developers receiving acquisition and predevelopment loans may also apply for construction and permanent subsidy financing through the Trust's other programs. Subject to eligibility, funding availability, underwriting, and applicable approvals, these additional resources may help projects advance to construction. At construction loan closing, proceeds from construction financing or other approved funding sources may be used to repay the acquisition and predevelopment loans, allowing those funds to revolve and support additional affordable housing developments.

Program Purpose

The purpose of the Program is to provide early, first-in financing that enables affordable multifamily rental housing and affordable homeownership projects to advance through critical initial stages. The Program is designed to fill funding gaps and support projects by offering site acquisition and/or predevelopment loans that help developers and cities (“Applicant” or “Applicants”) overcome early hurdles as they refine project details and secure construction and permanent financing.

The SBRHT will provide loans to selected CDFIs, which will combine Trust funds with their own funds to provide site acquisition and/or predevelopment loans to eligible Applicants (each, a "Borrower"). The loans made by the CDFIs to Borrowers are hereinafter referred to as “Project Loans”. Project Loans issued through the Program will generally be structured as short-term, below-market loans to be repaid from construction financing or another take-out source approved by the Trust and participating CDFI.

Affordable homeownership projects may be considered for financing only when a Trust-selected CDFI offers an applicable lending product and approves the proposed Project Loan. Inclusion of homeownership projects as an eligible activity does not obligate any CDFI to provide such financing or guarantee the availability of Program funds for homeownership development.

As Project Loans are repaid by an Applicant to the CDFI and the CDFI repays its loan to the SBRHT, the principal and accrued interest received will be reinvested by the SBRHT into the Program, enabling the Trust to support additional affordable housing projects over time and expand long-term housing opportunities within the SBRHT’s member cities. However, the SBRHT reserves the right to discontinue the Program at any time. Discontinuation or termination of the Program shall not, by itself, accelerate any otherwise performing Project Loan, and such Project Loan(s) may remain outstanding through repayment of their applicable maturity dates. If a CDFI accelerates a Project Loan or otherwise receives repayment of Project Loan funds, the CDFI shall repay the Trust proportionately as the CDFI receives repayment on such Project Loan. Any

repayment obligations of the CDFI or Borrower arising from noncompliance, default, or Program termination shall remain unaffected. Reinvestment of Measure A funds and associated program income shall be subject to applicable Measure A Requirements and governing funding agreements.

About the Program Guidelines

The Project Loan application process, underwriting, and Project Loan process will be managed by the SBRHT's approved CDFIs. The purpose of these Program Guidelines ("Guidelines") is to inform the CDFIs and Applicants of the SBRHT's Project Loan funding requirements, procedures, and review process when evaluating requests from Applicants for financing. These Guidelines are intended to provide transparency regarding the Program's operations and to help Applicants prepare complete and competitive applications for financing. Key components include threshold eligibility requirements, application submittal and review procedures, underwriting standards, and general Project Loan terms and conditions. CDFIs may have additional qualifying requirements, and Applicants should confirm those requirements with the applicable selected CDFI.

The Trust establishes Program policies, eligibility requirements, and retains final approval authority for the use of all Trust funds used by a CDFI in a Project Loan. Selected CDFIs are responsible for underwriting, loan administration, and servicing the Program's Project Loans in coordination with the Trust and in accordance with these Guidelines and a funding loan agreement to be entered into by and between the SBRHT and each of the selected CDFIs in the form approved by the SBRHT.

Each selected CDFI is required to administer the Program in accordance with these Guidelines and its respective funding loan agreement entered into by and between such CDFI and the SBRHT. The final funding loan agreement negotiated by and between such CDFI and the SBRHT may contain provisions specific to each CDFI's lending operations, administrative procedures, and risk management practices, provided, however, that such final funding loan agreement provisions shall be consistent with the provisions of these Guidelines and do not change, amend, or modify the Program's eligibility requirements, funding limitations, or other requirements of the SBRHT consistent with these Guidelines.

For an Applicant to be considered qualified by the Trust, proposed Applicants and their corresponding projects must meet each of the following Threshold Criteria**:**

- Applicant qualifications;
- Geographic eligibility;
- Project eligibility;
- Eligible uses and loan terms; and

- Affordability requirements.

Requests for Trust funding commitments for projects that meet all Threshold Criteria and applicable Program requirements will be considered on a first-come, first-served basis subject to the availability of Trust funds.

These Guidelines are for informational purposes only and do not constitute a binding commitment by the Trust. These Guidelines reflect the Trust's general funding requirements only and do not constitute a complete summary of all requirements necessary for any financing.

Additionally, selected CDFIs maintain their own underwriting standards, approval criteria, and loan documentation requirements independent of the Trust and these Guidelines. No Applicant shall be entitled to funding until both the Trust and the applicable selected CDFI have completed their respective reviews and issued formal approval for financing.

Satisfying the requirements stated in these Guidelines does not guarantee that a Project Loan will be approved for financing.

Threshold Criteria

Applicant Qualifications

Eligible Borrowers include qualified:

- Nonprofit, private developers;
- For-profit affordable housing developers; and
- Cities

Program Project Loans may be issued for projects sponsored by nonprofits, for-profit affordable housing developers, and cities.

Nonprofit and For-profit affordable housing developers must demonstrate the capacity to develop the proposed project successfully. At a minimum, the Applicant, either directly or through members of its development team, must demonstrate at least three (3) years of affordable housing development experience. The SBRHT shall evaluate capacity based on the Applicant's experience in developing and managing affordable housing or inclusion of development team members with a successful record in developing such housing. In addition, Applicants must demonstrate the financial and legal capacity to undertake the proposed project. Trust selected CDFIs may impose additional or more stringent experience, capacity, and qualification requirements for Applicants pursuant to their respective underwriting policies.

Geographic Eligibility

The Program will only fund projects located within the municipal boundaries of the Trust's member cities ("Members"), including cities that become Members after the approval of these Guidelines. For the most current list of Members, please visit the Trust's website homepage, where the logos of all member cities are displayed. https://www.sbrht.org/

Project Eligibility

Eligible Projects shall be limited to the following new construction activities:

- New construction of affordable multifamily rental housing with long-term affordability covenants, including permanent supportive housing integrated into an eligible new construction project.
- New construction of affordable homeownership housing, including developments containing affordable for-sale units, provided the proposed Project satisfies applicable Measure A affordability, eligibility, and long-term affordability requirements.
- Projects involving acquisition of property containing existing structures, provided that the proposed development involves the new construction of affordable multifamily rental housing or affordable homeownership housing and any demolition complies

Affordable multifamily rental projects must satisfy the rental affordability requirements established in these Guidelines. Affordable homeownership projects must satisfy the applicable Measure A homeownership eligibility and affordability requirements, including any project-level income restrictions, affordability covenants, resale restrictions, and other conditions required by the governing funding source. Eligibility of a homeownership project shall be determined by the Trust and participating CDFI before approval of a Project Loan.

Environmental Review

Borrowers selected for financing under the Program must comply with all applicable California Environmental Quality Act ("CEQA") and National Environmental Policy Act ("NEPA") requirements. As part of the application process, Borrowers must identify applicable environmental review requirements, the public agency responsible for such review, the status of environmental approvals, and an anticipated schedule for achieving compliance.

Prior to requesting a Reservation of Trust Loan Funds, the CDFI must review the Borrower's environmental compliance status and provide the SBRHT with the foregoing information. The Trust may conditionally reserve funds for a Project pending completion of applicable environmental requirements, provided that such reservation does not constitute a Project approval or funding commitment prohibited by CEQA, NEPA, or other applicable laws.

Prior to Project Loan approval, closing, or disbursement, as applicable under governing law, the Borrower must provide documentation satisfactory to the SBRHT demonstrating that the required CEQA and, if applicable, NEPA determinations and approvals have been completed, or that the applicable activities are exempt from such requirements. No Project Loan shall be approved, closed, or funded in a manner that violates applicable environmental review requirements.

Borrowers shall coordinate with the applicable public agencies responsible for environmental review and provide the CDFI with updates regarding the status of environmental compliance. The CDFI shall ensure that the SBRHT receives appropriate documentation before authorizing any Project Loan activity requiring environmental clearance.

Eligible Uses and Project Loan Terms

Project Loans issued through the Program will generally be structured as short-term financing, due and payable upon the earlier of (1) the close of construction financing, or (2) loan maturity, with an initial term not to exceed thirty-six (36) months from issuance of the loan, subject to the extensions expressly authorized by these Guidelines. The SBRHT's Trust Manager and the CDFI may mutually approve, in their sole and absolute discretion, up to two (2) six-month extensions of the term of a Project Loan. When necessary to meet the requirements of other project funding sources or to support overall project feasibility, the SBRHT's Board of Directors may approve alternative loan terms prior to loan issuance.

Measure A PPO – New Construction funds may be used for eligible site acquisition and predevelopment costs directly associated with the development of qualifying new affordable multifamily rental housing or affordable homeownership housing, subject to applicable Measure A Requirements and approval by the Trust and participating CDFI. The CDFI shall verify that such expenditures are reasonable, necessary, documented, and consistent with the approved Project budget and applicable Measure A Requirements.

Program funds may be used for the following eligible purposes:

Site Acquisition Uses

- Due Diligence & Site Evaluation (e.g., environmental, surveys, soils, feasibility)
- Legal & Professional Services (e.g., legal counsel, financial consulting)
- Financing & Application Costs (e.g., appraisals, lender fees associated with the land purchase)
- Carrying Costs & Transaction Expenses (e.g., escrow, title, transfer fees, property taxes, insurance)

Predevelopment Uses

- Design & Engineering (e.g., architectural, civil, structural, MEP)

- Community engagement and outreach activities
- Financing & Application Costs (e.g. LIHTC apps, lender underwriting, subsidy applications, affordable homeownership financing applications)
- Entitlement & Planning (e.g., zoning, CEQA/NEPA, permitting, design review)

Non-Eligible Uses: Trust loan proceeds shall not be used for borrower organizational operating expenses, costs associated with supportive services, construction or hard costs, developer fees, reserves, working capital, political activities, or any costs not capitalizable to the project.

Notwithstanding the foregoing, a reasonable interest reserve required by a Trust selected CDFI to pay interest accruing during the term of the Project Loan shall be considered an eligible financing cost and shall not be considered a prohibited reserve.

Cost eligibility determinations shall be at the sole and absolute discretion of the CDFI and the Trust.

Affordability Requirements

Affordable Multifamily Rental Projects

The ultimate project must be 100% affordable rental housing serving households with a household income at or below eighty percent (80%) of Area Median Income (AMI) at an affordable rent. No unit in the Project may serve households with incomes above eighty percent (80%) of AMI, except for designated manager's unit(s). Compliance with these affordability requirements shall be the Borrower's obligation and a condition of Project Loan approval and issuance.

For new construction Projects financed with Measure A funds, at least ten percent (10%) of the residential units shall be restricted to extremely low-income households earning no more than thirty percent (30%) of AMI, and at least an additional ten percent (10%) shall be restricted to households earning no more than fifty percent (50%) of AMI, consistent with applicable Measure A Requirements.

The required income and rent restrictions shall be incorporated into the Project's Regulatory Agreement.

Although full project details are not required at the time of application for financing, Borrowers must commence construction of the project within three (3) years of receiving Program funding, subject to two (2) six-month extensions concurrent with the SBRHT's Trust Manager's approval of an extension of the Project Loan term as expressly permitted in these Guidelines.

Borrowers shall ensure that the completed project is encumbered by a Regulatory Agreement that includes the income and rent restrictions meeting the affordability requirements stated above, which shall become effective upon recordation and remain in effect for a minimum of fifty-five

(55) years following conversion from construction financing to permanent financing. If no such conversion occurs, the affordability period shall extend for a minimum of fifty-five (55) years following recordation of the Regulatory Agreement. For predevelopment only loans, a Regulatory Agreement shall not be required to be recorded prior to disbursement of the Project Loan if Borrower does not have a sufficient interest in the property to permit recordation.

The Regulatory Agreement shall remain in effect for the full affordability term notwithstanding repayment or prepayment of the Project Loan, changes in Project financing, Project failure, or foreclosure.

To the extent Borrower receives other funding from the Trust for the project pursuant to a different funding program that requires recordation of affordable housing covenants or regulatory agreement for at least the duration of the term of the Regulatory Agreement, the SBRHT's Trust Manager may consider removing the Regulatory Agreement from the property upon the recordation of such affordable housing covenants or regulatory agreement pursuant to the other Trust funding program.

Affordable Homeownership Projects

Affordable homeownership projects may be eligible for site acquisition and predevelopment financing when the proposed development qualifies under applicable Measure A PPO – New Construction requirements and is approved by the Trust and a participating CDFI.

The proposed development must satisfy all applicable income eligibility, affordability, ownership, occupancy, resale restriction, and long-term affordability requirements established by Measure A and other governing funding agreements. The specific requirements applicable to each project shall be determined before Project Loan approval and incorporated into the applicable Project Loan Documents and affordability covenants.

Financing for affordable homeownership projects shall be subject to the availability of a Trust-selected CDFI with the capacity and willingness to finance such projects, approval under the CDFI's underwriting standards, availability of Trust and CDFI funding, and final approval by the Trust. The Trust does not guarantee that a participating CDFI will offer financing for affordable homeownership projects.

Where applicable, the Borrower shall demonstrate a feasible plan for qualifying eligible homebuyers, establishing affordable sales prices, satisfying applicable resale restrictions, and obtaining construction and other financing necessary to complete the development.

The Trust may establish additional project-specific requirements as necessary to ensure compliance with Measure A and protect its investment.

Application Submittal and Review Procedures

The Program will accept and approve applications on a rolling basis, subject to available funding. The SBRHT's Board of Directors may provide timeframes for future rounds of applications, subject to available funding. Applicants are encouraged to visit the SBRHT's website for the latest information regarding available funds under this Program.

Initial Project Review

Applicants are encouraged to first contact the Trust Manager to discuss the Trust eligibility requirements of the affordable housing development for Program loan funding, the development's needs, and the current availability of funding by calling and/or emailing the Trust [Trust contact email and phone number].

Applicants proposing affordable homeownership projects are encouraged to contact the Trust Manager before preparing a formal application to determine whether a participating CDFI currently offers an applicable financing product and whether Trust funds are available for such projects.

Following the discussion, Applicants should submit a Development Application to the Trust's selected CDFI. Trust selected CDFIs and their contact information are identified on the Trust's website at the following website address: [Trust website location of CDFIs]

Development Application

Applicants should submit a completed application with supporting documents to one of the Trust selected CDFIs identified on the Trust's website.

Supporting documents could include, but are not limited to:

- Site/project documents
    - Legal description of the property
    - Legal interest in the property
    - Project cost estimates
    - Schematic designs, if available
    - Current photographs of the site
    - Preliminary title report, if available
    - Appraisal, if available
    - Purchase contracts
    - Income/expense estimates
    - Budgets
    - Current rent roll and available estoppel certificates for existing residential units

on the property proposed for acquisition, if applicable

- Environmental reports, if available
- Proposed project schedule
- Marketing/management plan
- Tenant relocation plan, if applicable

- Organizational documents
  - Project team resumes
  - For nonprofit developers, a list of Board of Directors, organizational chart, and 501(c)(3) exemption determination letter from the IRS
  - By-laws, articles of incorporation, and partnership agreements
  - Tax returns (2 most recent years – with Trust's option to request 3rd)
  - Current financial statements (Balance Sheet: most recent fiscal year-end + interim balance sheet within the last 90 days, Income Statement: most recent two fiscal years, and year-to-date interim P&L, Statement of Cash Flow: most recent fiscal year)
- Applicants are required to include a letter of support from the local jurisdiction in which the project is located stating that the governing body of the local jurisdiction is aware of the proposed project and supports the development of the project by the Applicant. The letter may be issued by the jurisdiction's City Manager, Community Development Director, or an equivalent official authorized to issue such a letter on behalf of the jurisdiction.
- Proposed residential unit mix identifying the number and percentage of units restricted at each applicable AMI level, including, for affordable homeownership projects, the anticipated affordable sales prices, proposed buyer income eligibility requirements, and applicable ownership and resale restrictions.
- For affordable homeownership projects, a preliminary sales and marketing strategy, anticipated buyer qualification requirements, and proposed construction financing and repayment strategy, as available at the time of application.
- Identification of the proposed acquisition and predevelopment expenditures to be financed with Measure A funds.
- Preliminary determination of applicable prevailing-wage and Project Labor Agreement requirements.
- Identification of existing residential units on the site and any anticipated

demolition, relocation, or replacement housing requirements.

Application Review

In reviewing applications, the CDFI and the SBRHT shall consider the following factors, including but not limited to:

1. Threshold Criteria
2. Project budgets and financing
3. Site control
4. Development approvals
5. Environmental assessment
6. Sources of repayment
7. Loan collateral
8. Appraisals or indicators of value
9. Letters of support

The SBRHT acknowledges that some of these factors may not be fully defined at the time of application. Applications will be evaluated based on the level of information available, and the SBRHT and CDFI will work with the Applicant to obtain additional clarification or documentation as needed.

For additional details regarding evaluation standards, Applicants should refer to the "Underwriting Criteria and General Project Loan Terms and Conditions" section of these Guidelines.

Reservation of Trust Funds

Upon Trust approval of a Project Loan, the approved Trust funds may be reserved for the project for a period of up to one hundred twenty (120) days from the date of Trust approval to allow for completion of underwriting, loan documentation, satisfaction of closing conditions, and loan closing. The Trust selected CDFI may establish a shorter reservation period when appropriate based on its underwriting and closing requirements.

If a Project Loan does not close within the applicable reservation period (120 days or a shorter period as established by the Trust selected CDFI for a particular project), the reservation of Trust funds shall automatically expire without any additional notice or action. A reservation of Trust funds may be extended in writing by the Trust in its sole discretion upon the Trust's receipt of a written request from the Trust selected CDFI seeking and supporting such a request for an extension from the Trust. Once the reservation of Trust funds expires, the Trust funds may be

made available for other projects.

Funding Priorities

Trust selected CDFIs shall evaluate the creditworthiness and financial feasibility of proposed Project Loans in accordance with their respective underwriting standards and procedures, subject to the Trust's Program eligibility requirements set forth in these Guidelines.

For projects determined by a CDFI to satisfy its applicable underwriting requirements and the Trust's Program eligibility requirements, the CDFI may submit a request to the Trust for a funding commitment. Requests for Trust funding commitments will be considered on a first-come, first-served basis, subject to the availability of Trust funds and the project's continued compliance with applicable Program requirements.

The Trust's initial funding priority shall be predevelopment financing for affordable multifamily rental housing. Affordable homeownership projects may also be considered, subject to the availability of a participating CDFI willing and able to provide such financing, satisfactory underwriting, availability of Trust and CDFI funds, applicable Measure A Requirements, and Trust approval. The Trust may prioritize funding among eligible project types based on available resources, financing demand, and Board-established priorities.

Underwriting Criteria and General Project Loan Terms and Conditions

The general loan terms for Project Loans are outlined below. The Trust's Board of Directors reserves the right to amend these terms on a project-by-project basis.

Loan Term

Generally, the Program will be used to issue short-term loans that shall be due and payable upon the earlier of (1) the close of construction financing, or (2) loan maturity, with an initial term not to exceed thirty-six (36) months from issuance of the loan, subject to the extensions expressly authorized by these Guidelines. The SBRHT's Trust Manager and the CDFI may mutually approve, in their sole and absolute discretion, up to two (2) six-month extensions of the term of a Project Loan. When necessary to meet the requirements for other project funding sources or to support overall project feasibility, the SBRHT's Board of Directors may approve alternative loan terms prior to loan issuance.

Loan Amount

The Program supports two types of early-stage financing within a single loan structure:

1. Site Acquisition Funding
2. Predevelopment Funding

Although activities may include acquisition and/or predevelopment costs and expenses, the Trust's participation will be structured by the Trust selected CDFI as one loan per project delivered in phases.

Maximum Trust Participation

The Trust may participate with financing up to a maximum of Three Million Dollars ($3,000,000) per project, regardless of whether the funding supports acquisition, predevelopment, or a combination of both; provided however, the maximum participation of the Trust for predevelopment costs and expenses shall not exceed the amount of Seven Hundred-Fifty Thousand Dollars ($750,000).

CDFI Match Requirement

For acquisition and predevelopment activities, the Trust funds shall be matched on a one-to-one (1:1) basis from funds provided by the Trust selected CDFI. Trust funds and matching CDFI funds shall be disbursed concurrently and proportionately on a one-to-one (1:1) basis throughout the Project Loan, as further provided below.

Use of Remaining Trust Capacity

The Trust acknowledges that the predevelopment portion of the loan will typically be substantially less than the Trust's maximum participation amount of $3,000,000 per project. In such cases, the Trust, in its sole discretion, may require the Trust selected CDFI to allocate the remaining Trust participation capacity per project toward eligible acquisition financing, subject to Trust funding availability, Program eligibility requirements, and the CDFI's matching participation. The Borrower shall have no entitlement to receive the remaining Trust capacity for acquisition absent written approval from the Trust.

Trust approved Project Loan funds may be disbursed by the Trust selected CDFI in accordance with the CDFI's standard loan administration and disbursement procedures, subject to the Trust-approved loan amount, Program eligibility requirements, eligible uses, and the CDFI match requirement.

Trust funds and the Trust selected CDFI's matching funds shall be disbursed concurrently and proportionately on a one-to-one (1:1) basis throughout the Project Loan. For each disbursement of Trust funds, the CDFI shall concurrently disburse an equal amount of the CDFI's own funds as a match for eligible Project Loan costs. At no time shall cumulative Trust funds disbursed exceed the one-to-one (1:1) ratio of the cumulative disbursed amount of CDFI matching funds. A Trust selected CDFI may provide additional funds for a Project Loan in addition to the one-to-one (1:1) match requirement. Any such additional CDFI funds shall be disbursed by the CDFI outside of the one-to-one (1:1) proportional disbursement ratio required by these Guidelines.

All disbursements shall remain subject to the applicable CDFI's underwriting and loan administration requirements and confirmation that the project continues to satisfy applicable

Program requirements including, but not limited to, the Trust's Program eligibility requirements.

Loan to Value Ratio

For Project Loans secured by real property, the SBRHT may authorize financing up to ninety-five percent (95%) of the appraised value of the subject property. For predevelopment-only loans secured by alternative collateral or security, the Trust and CDFI shall determine acceptable collateral and security requirements in accordance with these Guidelines and their respective underwriting standards. All budgeted expenses are subject to review and approval by the SBRHT. The maximum allowable purchase price shall not exceed the appraised value as evidenced by an appraisal prepared by a California State Certified General Appraiser and approved by the Trust Manager, that is dated no more than 6 months prior to the date of the application for financing.

Interest Rate

The Trust's required interest rate of 3% on the Trust-funded portion of a Project Loan amount will be blended with the CDFI's required interest rate to determine a blended below-market interest rate for the Project Loan to the Borrower. It is the purpose of the Program to charge a Borrower an interest rate on the Project Loan that is less than the market rate of interest. For this purpose and for purposes of these Guidelines, "below-market interest rate" or "less than the market rate of interest" means an interest rate that is lower than the rate that the CDFI would ordinarily charge for a comparable loan funded entirely with its own funds and that is less than the interest rate generally available from commercial or institutional lenders for a loan of comparable principal amount, duration, repayment terms, collateral, security, and credit risk, taking into consideration prevailing market conditions at the time the loan is approved or originated.

Loan Repayment

Applicant/Borrower shall identify a reasonably foreseeable and plausible take-out source that will repay the site acquisition and/or predevelopment loan. In typical affordable housing projects, anticipated construction financing, permanent financing, or equity investment may be considered as potential take-out sources. Under certain circumstances, the SBRHT may rely on a Loan Guaranty from an Applicant/Borrower with sufficient financial strength in lieu of an identified take-out source.

For affordable homeownership projects, acceptable repayment sources may also include approved construction financing or other financing arrangements appropriate to the proposed ownership development, subject to CDFI underwriting and Trust approval.

Predevelopment and Development Budgets

The SBRHT will evaluate the predevelopment and development budgets in comparison to construction cost estimates; costs for other similar projects; costs for other projects with adjustments for differences; industry resources such as Marshall & Swift building cost data; and other resources available to the SBRHT.

Collateral/Security

Project Loans shall be secured by a Deed of Trust recorded on Borrower's interest in the subject real property, where applicable. For predevelopment-only loans where a Deed of Trust is not feasible due to the absence of real property collateral, the Trust may require alternative security, including but not limited to, a Loan Guaranty from an entity demonstrating sufficient financial strength, an assignment of development or purchase agreements, or other collateral deemed mutually acceptable by the Trust and the participating CDFI, in their sole and absolute discretion.

Fees

Trust Origination Fee

Borrowers shall be required to pay a Trust origination fee equal to 0.2% of the Trust-funded portion of the Project Loan amount. The Trust selected CDFI shall add the Trust origination fee to the CDFI's origination fee, collect the Trust origination fee from the Borrower at the closing of the Project Loan, and remit the Trust origination fee to the Trust as part of the closing requirements.

CDFI Fees

In addition to the fees payable to the Trust described above, Trust selected CDFIs may charge Borrowers reasonable origination, underwriting, servicing, and other customary loan fees consistent with the CDFI's normal lending practices. Each CDFI may establish its own fee amounts, provided that such fees are disclosed to the Borrower and comply with applicable Program requirements.

Loan Documents

Prior to receiving funding, Borrowers must execute required Loan Documents with the CDFI that include, but are not limited to, the following:

- Loan Agreement
- Promissory Note

- Deed of Trust, if applicable
- Assignment of Contracts and Plans
- Regulatory Agreement including affordability restrictions, subject to the recordation provisions of these Guidelines, or other applicable affordable homeownership covenants, resale restrictions, and affordability enforcement documents, as required by the Trust and governing funding requirements.
- Loan Guaranty, if applicable
- Other documents as determined by the CDFI and/or the SBRHT
- Collateral or security documents

The Trust shall require applicable Measure A Requirements to be incorporated into the funding loan agreements between the Trust and selected CDFIs and, as applicable, the Project Loan Documents between CDFIs and Borrowers. These requirements shall include eligible uses of funds, affordability restrictions, applicable homeownership eligibility and resale restrictions, prevailing wages, Project Labor Agreements, relocation and replacement housing, nondiscrimination, reporting, record retention, audit access, and remedies for noncompliance.

The CDFI shall be responsible for ensuring that applicable requirements are included in the Project Loan Documents and for obtaining documentation necessary to demonstrate compliance.

First-Loss Position and Allocation of Project Loan Losses

The Trust will assume a first-loss position on each Project Loan. In the event of a loan default, any funds recovered through collection, foreclosure, or sale of the property will be distributed in the following order:

1. Payment of reasonable and documented collection, foreclosure, property ownership, and sale expenses.
2. Payment of outstanding principal, accrued interest, and other amounts owed to the CDFI on its portion of the Project Loan.
3. Payment of outstanding interest and then principal owed to the Trust on its portion of the Project Loan.

If the funds recovered are insufficient to repay both parties in full, the Trust will absorb losses on its portion of the Project Loan before the CDFI absorbs any losses. Although the CDFI is required to provide a one-to-one funding match, losses will not be shared equally.

The funding loan agreement between the Trust and each CDFI will establish the procedures for

collection, documentation of losses, forgiveness of outstanding amounts owed to the Trust, and distribution of any subsequent recoveries.

The CDFI will remain responsible for losses resulting from its own breach of the funding loan agreement, misuse of funds, or failure to comply with its contractual obligations. All provisions will be subject to applicable Measure A requirements and governing funding agreements.

Loan Enforcement

Loan Documents will include standard default, remedy, and enforcement provisions typical of project lending and secured real estate lending, including foreclosure or other remedies as provided in the Loan Documents, among other matters.

Loan Disbursement

Project Loan proceeds will be disbursed by the Trust selected CDFI in accordance with the executed Loan Documents, these Guidelines, and the CDFI's standard loan administration procedures. Disbursements may be subject to conditions precedent, documentation requirements, loan fee payments, verification of eligible costs, and other applicable requirements. Trust and CDFI funds shall be disbursed concurrently and proportionately in accordance with the CDFI match requirement set forth in these Guidelines.

Other Program Requirements

1. The Borrower shall provide the minimum insurance coverage and endorsements required by the Trust and the Trust selected CDFI.
2. During the term of the Project Loan, the Borrower shall timely provide to the Trust all reports and documents to be submitted to the Trust as set forth in the Loan Documents.
3. The Borrower shall comply with all applicable provisions of the Fair Employment and Housing Act (Gov. Code § 12900 *et seq*.), the regulations promulgated thereunder (Cal. Code Regs. tit. 2, § 11000 *et seq*.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Gov. Code §§ 11135-11139.5), and the regulations or standards adopted by HCD to implement such article.
4. If and to the extent applicable to the Project, the Borrower agrees to comply with all applicable legal authority regarding construction standards and requirements, including but not limited to the following:
    a. Labor Code Requirements:

(1) Projects receiving Measure A PPO – New Construction financing shall comply with applicable prevailing-wage requirements pursuant to Government Code Section 64720.5(a), Measure A Section 28B, and California Labor Code Sections 1720 through 1861. These requirements apply to construction activities associated with the Project notwithstanding that Measure A funds are used exclusively for site acquisition and predevelopment costs and are not used directly for construction.

The Borrower shall ensure that applicable construction contracts and subcontracts include the required prevailing-wage provisions and shall provide evidence of compliance as required by the Trust and CDFI.

(2) If the Project qualifies as a public works project pursuant to applicable law, the Borrower agrees to comply with all requirements applicable to an "Awarding Body" under applicable law.

(3) The Borrower acknowledges that any work that qualifies as a public work within the meaning of California Labor Code Section 1720 with respect to the Project shall require the Borrower, as and to the extent applicable, to comply with the provisions of California Labor Code Sections 1775 *et seq*. In such case, the Borrower agrees to comply, or to require compliance, with Labor Code Section 1776 regarding retention and inspection of payroll records and noncompliance penalties, Labor Code Section 1777.5 regarding employment of registered apprentices, and Labor Code Section 1813 regarding forfeiture for violations of the maximum hours per day and per week provisions contained in the same chapter.

b. For Projects containing forty (40) or more residential units, the Borrower shall comply with applicable Project Labor Agreement requirements established by Measure A Section 28C and Government Code Section 64720.5(b) and (c). For Projects located within SBRHT member cities, the applicable agreement shall be the Countywide Community Workforce Agreement executed June 7, 2023, or its applicable successor, unless otherwise required by law.

These requirements apply to qualifying construction activities regardless of whether Measure A funding is used directly for construction. The Borrower shall incorporate applicable Project Labor Agreement requirements into construction contracts and subcontracts.

5. The Borrower shall comply with all applicable state and local procurement requirements for public works and construction projects and, if applicable, shall advertise, open bids, award, and approve, or require such actions for, all construction contracts in accordance with the California Public Contract Code and the California Labor Code.

6. The Borrower shall procure any and all applicable permits, licenses and approvals

necessary to complete the Project, including those necessary to perform design, construction, operation and maintenance, and shall comply with all applicable CEQA and NEPA requirements applicable to the Project. The Borrower shall pay all charges and fees applicable to the Project and shall give, or cause to be given, all notices necessary or incidental to the Project.

7. The Borrower shall be responsible for the preparation of all plans, specifications and estimates for the Project, and shall ensure that the Project adheres to all applicable accessibility requirements set forth in California Building Code, Chapter 11A and 11B and the Americans with Disabilities Act, Title II. In addition, if applicable to the Project, the Borrower shall ensure that the Project adheres to either the Uniform Federal Accessibility Standards, 24 Code of Federal Regulations (CFR) Part 8, or U.S. Department of Housing and Urban Development's (HUD) modified version of the 2010 American with Disabilities Act Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, 79 F.R. 29671 (5/27/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Memo"). Accessible units shall, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the Project and be available in a sufficient range of sizes and amenities consistent with 24 CFR, Section 8.26.

8. The Borrower shall be responsible for performing all necessary due diligence for the Project, including but not limited to performing necessary environmental assessments/review of environmental hazard reports, conducting engineering and geotechnical reviews, commissioning title reports to identify and evaluate the condition of title and encumbrances on the subject property, including but not limited to any covenants, conditions, and restrictions, determining the entity(ies) with site control, including whether any third parties have ownership or site control rights, and determining the suitability for the Project.

9. The Borrower shall ensure that all contractors or subcontractors of the Project are paid in accordance with applicable laws and regulations.

10. If applicable to the Project, the Borrower shall ensure compliance with the procedure set forth in Public Contracts Code Section 9204 for processing contractor claims, paying undisputed amounts, and requiring mediation of disputed amounts.

11. The Borrower shall provide or ensure ongoing maintenance of the Project after completion, without any responsibility of the Trust, or the Trust selected CDFI.

12. Where an eligible new construction Project involves demolition of existing residential units, the Borrower shall comply with applicable Measure A relocation, tenant protection, and replacement housing requirements, including applicable provisions of Government Code Sections 7260 through 7277 and 65915(c)(3).

    The Borrower shall provide required relocation assistance, replacement units, and rights of

first refusal to eligible existing occupants, as applicable.

Agenda Item VI-E

Proposed Budget for Priority Proposed Programs

South Bay Regional Housing Trust

AGENDA ITEM: VI-E

November 30, 2026

TO: **SBRHT Board of Directors**

FROM: **Jacki Bacharach, Interim Trust Executive Director;**
Ronson Chu Interim Trust Manager

SUBJECT: **Proposed Budget for Priority Proposed Programs**

RECOMMENDED ACTION:

APPROVE BUDGET DISTRIBUTION AS DESCRIBED BELOW AND AUTHORIZE $5,000,000 PPO BUDGET FOR MULTI-FAMILY NEW CONSTRUCTION NOFA

BACKGROUND:

Based on our FY26-27 Budget and underspend from FY25-26, staff is recommending seeding SBRHTs future Affordable Multi-Family New Construction NOFA at $5 million.

PPO AND PPO FLEX UPDATE

FY 25/26 Underspend

Total PPO and Flex Budget	$7,288,499
minus Hawthorne Allocation	$6,000,000
minus Consulting and Admin	$150,000
Underspend Rollover	**$1,138,499**

FY 26/27 Budget

PPO Budget	$5,676,440
minus Consulting and Admin	$312,457
plus Rollover	$1,138,499
Net PPO	**$6,502,482**

New Construction Allocation	**$5,002,482**
Pre-development Allocation	**$1,500,000**

PPO Flex Budget	**$1,661,279**

minus Consulting and Admin	$92,018
Net PPO Flex	**$1,569,261**

PPO FLEX

Note: Programs for PPO Flex will be presented to the Board at a later date. Preservation, home buyer programs and emergency repairs that might be necessary due to extreme weather events are all possible uses.

Following up on a public comment concerning repairs, a recommendation to reserve some of the PPO Flex funds for emergency repairs is being researched. It appears that due to LACAHSA guidelines, potential recipients, i.e. South Bay Homeowners and/or NOAH Condos, and mobile homes may be red tagged in the event of a major storm damage, would need to deed restrict their property and pay prevailing wage for the repairs so this issue will have to be brought back.

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