FINANCING UNDERWRITING STANDARDS AND COST GUIDELINES
COUNTY GENERAL FUNDS AND NO PLACE LIKE HOME
NOFA 33
OCTOBER 2026

PROPOSED PROJECTS UNDER THE NPLH PROGRAM MUST DEMONSTRATE FINANCIAL FEASIBILITY FOR BOTH DEVELOPMENT AND OPERATIONS.
IF A PROJECT RECEIVES FEDERAL HOME FUNDS, HOME UNDERWRITING GUIDELINES WILL BE PROVIDED.

Item	County General Funds ("CGF") Guidelines	No Place Like Home ("NPLH") Guidelines (If column is blank, CGF Guidelines apply)	Notes
Accessibility	A minimum of 11% of the units in the project (by unit type) must be accessible to persons with mobility impairments. A minimum of 4% of the units in the project (by unit type) must be accessible to persons with sensory impairments.		CASp review required at various stages, as identified in the Affirmative Fair Housing and Accessibility Requirements. Accessible units must be distributed throughout the Project, with each population type benefiting from a pro rata share of accessible units. Projects shall adhere to the accessibility requirements that are most restrictive according to project funding sources. NOTE: tax credit projects must adhere to the stricter standards imposed by CTCAC/CDLAC.
Accounting / Audit Fees by Accountant – Operating	$7,500 to $12,000		Audits are required for all properties. Therefore, all operating budgets must include an audit cost line item. Line item includes both the annual audit and tax returns. Audit must be a single-asset audit. For mixed-use projects, the financials for non-residential uses (i.e. commercial, retail, etc.) must be separate from that of the residential uses.
Accounting / Audit Fees by Accountant – Capitalized (included in the Development Budget)	$15,000 to $25,000		Line item includes the cost certification, organization accounting and other accounting needs (i.e., interim financial and tax return preparation). Audit must be a single-asset audit. For mixed-use projects, the financials for non-residential uses (i.e. commercial, retail, etc.) must be separate from that of the residential uses.

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Acquisition	Acquisition costs included in the Development Budget shall not exceed Fair Market Value (FMV) of the land, as established by an "as-is" appraisal. The appraisal must establish the market value of the property using the condition existing as of the date of the Appraisal establishing the value. The appraisal must be dated within six (6) months of the date of the purchase contract (i.e. Purchase and Sale Agreement or Disposition and Development Agreement). Ground lease payments, whether capitalized or paid annually from project cash flow (or a combination of both), shall be derived from the FMV of the land, as established an "as is" appraisal (subject to the standards listed above); the capitalization rate must be reasonable for an affordable housing project.		Note Regarding Acquisition Loans - Allowable Acquisition Loan Costs: • Interest and other loan costs (e.g., origination costs, etc.) are allowable as project costs as long as the lender is a commercial lender with a recognized loan program and standard documentation of the loan, acceptable to the LACDA, is provided. • If the lender is <u>not</u> a known commercial lender with a recognized loan program (including entities related to the project borrower) OR if standard documentation of the loan acceptable to the LACDA is not provided, the costs associated with the "loan" to the project borrower are <u>not</u> an allowable expense in the project budget (regardless of whether LACDA or another financier is reimbursing the interest expense).
Affordability	Homeless, Special Needs and Extremely Low Income Units must be restricted to households earning at or below 30% AMI. General Affordable Units (excluding units reserved for Extremely Low Income households) must be restricted to households earning at or below 80% AMI.	NPLH Units must be restricted to households earning at or below 30% of AMI. For NPLH units, at least one household member must qualify as a member of the NPLH Target Population (as defined in the NOFA). Occupancy, income, and rent limit requirements shall apply throughout the period of affordability.	Affordability Period • Permanent Loans – terminates 55 years from the date of the Agreement • Construction and Predevelopment Loans – in effect as of the date of the Agreement and terminates 55 years from the date of LACDA's Certificate of Completion CTCAC or HUD rent and income limits apply, based on financing.

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Appraisal	$15,000		$5,000 for acquisition $10,000 for construction loan appraisal The acquisition appraisal must be conducted prior to acquisition of the property.
Attorney - Developer	$50,000 - $100,000		Developer's Bond attorney costs are included here. Cost varies depending on complexity of deal and Tax Opinion Letter requirements. Developer's attorney reviews acquisition, loan, tax credit investment / syndication and partnership documents, bond documents and other business issues.
Attorney - Syndication	$40,000 - $60,000		Syndication Attorney represents the tax credit investor. Should be included in gross equity number.
Attorney – Bank (Construction Lender Legal Paid by Applicant)	$50,000 - $80,000		
Attorney – Bank (Permanent Lender Legal Paid by Applicant)	$20,000 - $40,000		
Attorney(s) - Bond deals	$40,000 - $60,000		This applies to total bond legal cost.

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Bond deals cost of issuance	Min: $300,000 Max: 4-6% of bond amt.		Projects in unincorporated Los Angeles County must use the LACDA (on behalf of the County of Los Angeles) as the conduit bond issuer. If a project is located within an incorporated city that (a) is providing financing for the project, and (b) is a conduit issuer of mortgage revenue bonds, that city (or Housing Authority) may be the conduit issuer. If the project is located in an incorporated city that does not have authority to issue bonds, then the LACDA must be the conduit issuer. The LACDA is not part of any Joint Powers Authority related to bond issuance.
Bond Fees assessed by LACDA	Application - $17,500 (good faith deposit) Issuer - 25 basis points (0.25%) of the original bond amount (one time, paid at bond closing) Annual - Greater of either 12.5 basis points (0.125%) of the outstanding bond amount or $6,000 (annual fee paid until the end of the "qualified project period" or end of the term of restrictions contained in CDLAC resolution).		Although the presented guidelines are based on transactions where LACDA has acted as the conduit issuer, other issuers will assess comparable fees. Please note, these fees are subject to change without notice. Certain fees are estimated. A trustee is required on all LACDA issued Tax-Exempt Bond transactions. The first payment of the annual issuer fee is due at bond closing and the annual issue fee is due in advance.
Cash Flow	Projects must demonstrate positive cash flow for 20 years. Projects with a Capitalized Operating Subsidy (COS) must demonstrate positive cash flow throughout the term of the subsidy		Income from residential portion cannot be used to support the negative cash flow of commercial portion, and vice versa. NOTE: LACDA underwriting will consider the cash flow over 30 years.
Construction Manager Fee	$6,000 - $7,000 per month		The construction manager is assumed to be a consultant who is not part of General Contractor's (GC) contract or staff. If the construction manager is part of developer's staff, then this cost is part of the Developer Fee and is not charged as a separate budget item.

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Debt Coverage Ratio	Year 1: 1.15 to 1.20, unless a senior lender has a higher requirement. Remaining Years: 1.15 minimum DCR, unless a senior lender has a higher requirement.		Projects are required to maximize private debt. Subject to senior lender requirements, if the project maintains a DSCR 1.20 or more throughout operations, LACDA will require that the permanent debt be resized.

Developer Fee	For 9% CTCAC projects the maximum developer fee that may be paid from project sources and/or cash flow is $2,500,000. Projects that restrict for Special Needs populations the greater of (a) 15 units OR (b) 25% of units, the maximum developer fee that may be paid from project sources and/or cash flow is $2,800,000. For 4% CTCAC/CDLAC Projects, the maximum developer fee that may be paid from project sources and/or cash flow is $2,500,000. Projects that restrict for Special Needs populations the greater of (a) 15 units OR (b) 25% of units, the maximum developer fee that may be paid from project sources and/or cash flow is $2,800,000. A larger developer fee may be included in a project's eligible basis for tax credit purposes, but any fee in excess of $2,500,000 (or $2,800,000 for projects that satisfy the Special Needs requirement) must be contributed as equity to the project or paid out of the Borrower's share of residual receipts. For projects that do not use tax credit financing, developer fee shall not exceed the 12% of hard costs, up to a maximum of $2,500,000. Projects that restrict for Special Needs populations the greater of (a) 15 units OR (b) 25% of units, the maximum developer fee that may be paid from project sources and/or cash flow shall not exceed 12% of hard costs, up to a maximum of $2,800,000.		Common pay-in schedule: • 25% at Construction Start • 25% during Construction • 50% after 6 months of stabilized occupancy The developer fee includes all payments, fees and compensation due to the developer, co-developers and general partners; no additional compensation for such partners may be included in the development budget. The developer fee includes all funds paid at any time as compensation for developing the proposed project, and shall include all processing agent fees, developer overhead and profit, construction management oversight fees (if provided by the developer), personal guarantee fees, syndicator consulting fees, and reserves in excess of those customarily required by multi-family housing lenders. The LPA and Development Services Agreement must show the developer, co-developers and/or co-general partners as being paid from developer fee. The maximum developer fee that may be included in eligible basis is 15% of the project's unadjusted eligible basis. The maximum developer fee for projects, regardless of tax credit usage or type, that are developed as multiple simultaneous phases or multiple phases over time will be subject to an overall limit on total allowable developer fee. For purposes of this limitation, "simultaneous" refers to projects consisting of a single building; projects on the same parcel or parcels within ¼ mile of each other that were split into more than one project for financing purposes; projects on the same parcel or on parcels within ¼ mile of each other and with construction start dates within six months of each other, or with completion dates that are within six months of each other; or multiple phases of a project on land owned by the County or the LACDA. Interest associated with developer fee payments is disallowed.

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			NOTE: PROJECTS AWARDED FUNDING IN EARLIER NOFA ROUNDS MAY UTILIZE THIS NOFA 33 GUIDELINE, PROVIDED THAT CONSTRUCTION FINANCING CLOSES AFTER MAY 31, 2026.
Developer Fee – Deferral	Developer Fee can be deferred for the purpose of paying other development costs. Up to ten (10) years is the maximum deferral period, unless a longer period is allowed in the borrower's partnership agreement. If that is the case, LACDA staff will review to determine the maximum pay-off period that will be granted to the project. Once the pay-off period is expired, residual receipt payments will take priority over any remaining deferred fee. No interest allowed on the deferred fee.		Deferral of the Developer Fee is not required. If the LACDA is asked to provide supplemental funding post-closing, the Borrower will be required to defer at least 50% of developer fee.
Development Consultant (Outside Staff)	$75,000 to $100,000		The cost of in-house staff is disallowed. Consultants are those who are not part of developer's in-house staff (including but not limited to financial consultant, project management, entitlement consultant, brokerage fee for site acquisition); otherwise, in-house consultant fees must be paid from the project's Developer Fee.
Disbursement Agents / Service	Cost of service is approximately 1-2% of Construction contract.		

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Furniture Cost - In Unit (Homeless Units)	Studios and One-Bedrooms: $3,000/unit Two-Bedrooms or more: $2,000/bedroom/unit Optional: $650/unit for soft goods	For NPLH projects DMH requires a coffee table and a sofa in addition to the furnishings noted.	Applicant must include costs to furnish all Homeless units in the proposed development budget. Projects with both NPLH and CGF assisted units should defer to the NPLH requirements regarding furnishings. CGF: At minimum, budget should provide for a bed, dresser, dining table with chairs, and a lamp. NPLH: At minimum, budget should provide for a bed, dresser, sofa, coffee table, dining table with chairs, and a lamp.
Furniture Cost – Common Area	$1,500/unit		
General Conditions + Overhead + Profit	An overall cost limitation of fourteen percent (14%) of the cost of construction shall apply to builder overhead, profit, and general conditions, excluding builder's general liability insurance and payment & performance bonds.		For purposes of overhead and profit, the cost of construction includes offsite improvements, demolition and site work, structures, prevailing wages, and general requirements. For purposes of general conditions, the cost of construction includes offsite improvements, demolition and site work, structures, and prevailing wages. At project completion, the overhead and profit percentage must reflect the percentage agreed to / allowed at underwriting.
Green Building Certification (LEED, Green Point Rated, etc.)	Up to $75,000		Line item includes sustainability/energy consultant, program registration, and program compliance costs.

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Hard Cost Contingency	<u>New Construction</u> 5% - 10% of Hard Costs (40+ units) 10% of Hard Costs (< 40 units) <u>Rehab</u> 10% to 15% of Hard Costs		Amount of contingency allowed depends on size of project and whether site has environmental remediation issues. The cost of the payment & performance bonds should be considered in the sizing of the Hard Cost Contingency. The GC's Schedule of Values may include a separate hard cost contingency, to the extent that the sum of the GC-controlled contingency and owner-controlled contingency does not exceed the LACDA guideline.
Hard Costs	Davis Bacon or Prevailing Wage: $440-$775/SF (est.) Non-Davis Bacon or Prevailing Wage: $350-$620/SF (est.)		Applicants must solicit a minimum of three (3) bids for comparison of pricing and services offered. General Contractors working on funded projects must use a Guaranteed Maximum Price Contract (GMAX) wherein the basis for payment is the cost of the work plus a fee. If the lowest responsive bid is not accepted, project sponsors must provide justification acceptable to the LACDA.
Holding Cost	$5,000 - $10,000/year for vacant building or vacant land.		Includes security costs, fencing, landscaping, maintenance, and insurance costs incurred prior to the start of construction.
Income and Expense Escalators	Income: 2.5% annually Expenses: 3.5% annually		NOTE: income and expense escalations of 2% and 3%, respectively, are not permitted.

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Income – Rent / Unit Mix / Income Restrictions / Occupancy Standard	General Affordable Projects: • Projects must reserve at least 10% of total units for Extremely Low Income households earning at or below 30% AMI. • General Affordable units (excluding the units reserved for Extremely Low Income households) must be affordable to households earning at or below 80% AMI. Special Needs Projects: • Up to 50% of the units may be reserved for Special Needs populations. ○ Any project requesting more than 50% of total units reserved for Special Needs populations must obtain a waiver from LACDA.		Borrower is expected to construct the project and restrict the tenant incomes as presented in the Unit Mix and Rents section of the Application for Funding Supplemental Document. If other funding sources are subsidizing the LACDA-assisted units, the most restrictive rent limit applies. If the project has PBVs or PBVASH Vouchers, then the Payment Standard will take precedence over other Federal rent limits. In Unincorporated Los Angeles County, if the project has received a density bonus, only the density bonus units are restricted by density bonus rents.
Insurance	See NOFA for detailed insurance requirements.		
Interest Rate – LACDA Loans	3% Simple, 10% Default	0% Simple, 10% Default	
LACDA Fees – Loan Reservation Deposit	A nonrefundable reservation deposit of $7,512 is required to reserve (applied to first year's asset management and compliance monitoring payment).		This fee is to be paid within 60 days of award notification date.

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LACDA Fees – Loan Servicing & Compliance Monitoring Payment	LACDA will assess an annual asset management and compliance monitoring payment of $7,512, with a 2.5% per year escalation. The $7,512 good faith deposit will be credited towards the first year's monitoring cost. With the 2.5% escalation, the fee for year two (2) will amount to $7,700.		The asset management & compliance monitoring payment is an annual above-the-line expense that is paid in connection with monitoring and certification activities. This payment cannot be waived, and shall be paid to the LACDA throughout the term of the loan.
LACDA Fees – Changes to Standard Loan Documents	Actual cost of consultant cost with an upfront, non-refundable deposit of $5,000.		When a material change is made after application evaluation, a fee of $5,000 is due and payable to the LACDA upon submittal of the material change notification to the LACDA. This covers the costs related to the LACDA's review of the proposed project. If costs exceed $5,000, the balance owed must be paid upon written notification from the LACDA. Any remaining funds will be used for administration costs for the continued review and administration of the proposed project. When the LACDA issues loan documents that will not allow for any changes, Borrowers will be notified.
LACDA Fees – Material Change	Actual administrative costs with an upfront, non-refundable deposit of $5,000.		When a material change is made after application evaluation, a fee of $5,000 is due and payable to the LACDA upon submittal of the material change notification to the LACDA. This covers the costs related to the LACDA's review of the proposed project. If costs exceed $5,000, the balance owed must be paid upon written notification from the LACDA. Any remaining funds will be used for administration costs for the continued review and administration of the proposed project.
Leasing Expense (Deficit)	Equates to the negative cash flow during the pre-leasing and leasing period.		The budget may include 3-6 months of pre-leasing expenses and start-up costs, in addition to the assumed operating deficit during the lease-up period. The lease-up projections (occupancy percentage over time) should be noted in the "Development Budget Notes & Assumptions" page included in the application.

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Leasing Fee for Third Party Entity	Fee paid to property management company and/or service provider, for direct costs for tenant screening.		This is NOT a bonus or incentive fee; bonus and incentive fees are NOT permitted and cannot be included in contracts for property management services.
Manager's Unit	At least one manager's unit is required for all projects.		California Law requires an on-site manager when there are 16 or more units in a rental project. The on-site manager must be full-time and reside at the project.
Marketing	General Affordable Projects: $30,000 Special Needs Projects: $20,000		Expenses such as advertising and promotion incurred during the Lease-Up period in order to attract tenants, including the Groundbreaking and Grand Opening ceremonies (within reason). Developer or Property Manager must register the vacant units (at initial lease-up and in the future) on the LA County Housing Resource Center website (housing.lacounty.gov) to assist housing locators in identifying vacant units. The Marketing expense should reflect the cost savings from utilizing the LA County Housing Resource Center, and if applicable, leasing units through the Coordinated Entry System.

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Minimum Operating Expenses (per unit per year)	Minimum Operating Expenses are derived from LACDA's Housing Portfolio: Type – Special Needs (100%) - Up to 60 Units: $12,500 - 61+ Units: $12,500 Type – General Affordable (100%) - Up to 60 Units: $11,000 - 61+ Units: $9,000 Type – Mixed Population - Up to 60 Units: $12,000 - 61+ Units: $11,500		The LACDA will accept operating expenses below these minimums if justified with audited financial statements for the last two years for two comparable properties currently owned by the developer. The properties should be similar in size, type, tenant population, and location to the proposed project. Note that LACDA's operating expenses do not include the following expense: - replacement/operating reserves - debt service - supportive services staffing - partnership and asset management fees - deferred developer fee Portfolio expenses *do* include property taxes.

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NPLH Flexible Operating Reserve (FOR)	Not Applicable	LACDA's NPLH Loan will not require residual receipt payments. In lieu of residual receipts payment, a Flexible Operating Reserve exclusively reserved for the NPLH units will be funded on an annual basis from cash flow (after payment of debt service, partnership management fees, and deferred developer fee, if any).	All NPLH projects shall have a NPLH Flexible Operating Reserve (FOR) and the FOR will remain an asset of the project for the full term of the NPLH Regulatory Agreement. The FOR is calculated based on a percentage of net cash flow sized to the hypothetical pro-rata residual receipts distribution that would be due to the LACDA, if residual receipts were being disbursed for the NPLH Loan. The FOR must be paid prior to disbursement of residual receipts. If LACDA is the sole public lender, then the FOR will receive 50% of net cash flow. The FOR will be used to provide a reserve for shortfalls in project operations associated with the NPLH Assisted Units for supportive services, furnishings, replacement reserves or other items subject to LACDA approval. The FOR may not be used to repay any loans associated with the project and must stay with the project (cannot be distributed as part of any recapitalization or investor exit); LACDA shall have a first priority security interest in the FOR. The FOR will be controlled by LACDA via a Deposit Account Control Agreement. The FOR must be held in a separate account.
Offsite Improvements	Unincorporated County: $10,000 per unit Other Jurisdictions: $5,000 per unit		

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Operating Reserves – Capitalized	General Affordable Projects: Three (3) months of operating expenses and three (3) months of debt service. Up to six (6) months of operating expenses and six (6) months of debt service if a senior lender or investor has a higher requirement. Special Needs Projects: Six (6) months of operating expenses and six (6) months of debt service.		The reserve remains with the project throughout the term of the LACDA loan. Written approval from the LACDA is required prior to any withdrawal from the Operating Reserves. No more than six (6) months will be allowed by the LACDA even if the senior lender or investor's requirement is greater than six (6) months. LACDA funds may not be used to capitalize the reserve.

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Partnership Management and Asset Management Fees	For projects with tax credits, Partnership Management and Asset Management Fees, totaling up to $40,000 per year in aggregate, may be paid from Project cash flow to the General Partner(s) and Limited Partner(s) prior to the payment of residual receipts. Fees owed to the tax credit investor within a limited partnership are exclusively payable during the tax credit compliance period. Reallocation of these fees is strictly prohibited; however, the payment period may be extended in connection with a resyndication event. For projects without tax credits, Partnership Management and Asset Management Fees, totaling up to $20,000 per year in aggregate, may be paid from Project cash flow to the General Partner(s) and Limited Partner(s) prior to the payment of residual receipts. No annual escalations are permitted, and unpaid fees cannot be accrued.		Fee in excess of the LACDA limitation must be paid from Borrower's share of residual receipts. The fees cannot be used to pay office overhead for the development of the Project or Project operating expenses.
Permanent Loan Fee Limits	Borrower shall not pay any loan origination fee, breakage fee, yield maintenance fee or other similar fee related to or arising from the Project's permanent financing exceeding 1% of the original principal amount of such permanent financing without the LACDA's prior written approval, which approval may be withheld at LACDA's sole discretion.		Borrower may, however, pay Permanent Loan Fees exceeding 1% from funds other than the Project's funding sources.

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Predevelopment Loans	Interest rate 3-6% Origination Fee: 1-2% Legal Fees: $10,000		• Interest and other loan costs (e.g., origination costs, etc.) are allowable as project costs as long as the lender is a commercial lender with a recognized loan program and standard documentation of the loan, acceptable to the LACDA, is provided (i.e. a loan agreement and promissory note); payment of interest and other loan fees will not be permitted without the standard documentation (regardless of whether LACDA or another source would be reimbursing the interest expense or fees) • If the lender is not a known commercial lender with a recognized loan program (including entities related to the project borrower), then interest and other fees associated with the "loan" are not an allowable as project costs and must be removed from the project budget (regardless of whether LACDA or another funding sources would be reimbursing the interest expense or fees). • If the lender is related to the project borrower, then predevelopment costs will be reimbursed on an interest-free basis (subject to LACDA's review of the invoices and cancelled checks/bank statements).

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Prevailing Wages: Federal (Davis Bacon) and State	Premium: approximately 20% more than non-Prevailing Wage, as applied to the overall construction cost (including labor and materials). Applicant/Developer shall be responsible for complying with actual applicable wage scale.		Payment of prevailing wages is assumed. Applicant may submit a legal opinion that states the project is exempt from payment of prevailing wages. Possible triggers, non-exhaustive: <u>Davis Bacon (Federal):</u> • Using Federal funds, such as HOME or CDBG, for <u>12 or more units</u> will trigger DB. • Using PBVs or PBVASH of 9 units or more. <u>State:</u> • Section 1720 of the California Labor Code requires payment of California State Prevailing Wages for certain projects deemed "Public Works". Under the labor code, Public Works refers to the construction, alteration, demolition, installation, maintenance, or repair work done under contract, and paid for in whole or in part out of public funds. It can include pre-construction and post-construction activities related to a public works project.

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Property Management Fees	Not to exceed the current Management Fee range published by HUD for the State of California. Pursuant to the Memorandum for the Multifamily West Region dated March 26, 2026, incorporated herein as **Attachment 1**, projects may charge a property management fee of $76 per unit per month. Add-on fees for certain special populations, utility allowances, scattered sites, etc. are permitted as applicable. Additional fees may be assessed for projects that serve specified special needs populations, apply utility allowances, use a combination of rental subsidies, or meet any other add-on criteria established in the Memorandum. No automatic annual escalations are permitted; however, the Owner may in the future increase this fee in alignment with Management Fee range published by HUD for the State of California.		The Property Management Fee shall cover all services standardly offered by the provider; separate fees shall not be assessed for compliance monitoring and coordination with the supportive services team. If specified in a contract, the provider may assess a separate additional fee for IT and accounting. Item should not include On-site Manager (full-time or part-time) salary or unit rent. NOTE: the Property Management Fee guideline can be applied retroactively to projects awarded funding in earlier NOFA rounds. NOTE: The Property Management Fee shall not be assessed for units occupied by on-site staff including, but not limited to, property management and maintenance personnel. NOTE**:** A 3.5% expense escalator is applied in the Cash Flow tab of the Appendix 1 workbook solely for underwriting DSCR over a 20-year period. This assumption does not constitute approval of an automatic escalator for Property Management Fees.
Property tax expense – Capitalized and Operating Period	1.25% of acquisition cost per year; any tax refunds must go into reserves.		The Development Budget should include the estimated amount of Property Taxes paid from acquisition to lease-up Property taxes should be greatly reduced after receiving welfare exemption and should be reflected in cash flow. In the cash flow, property taxes shall escalate at 2% annually.
Relocation (Permanent)	Budget should reflect the estimates from the relocation plan.		Staff will review the relocation plan and budget to ensure the amounts are justified.

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Replacement Reserve	Special Needs Units: $500/unit/year General Affordable Units: The greater of $250/unit/year for new construction and $300/unit/year for rehabilitation, or the investor/senior lender's requirement The Development Budget may optionally include a capitalized replacement reserve equal to one year's worth of deposits.	$500 per unit per year.	Borrower shall not deposit any more or less in the replacement reserve than what is allowed based on the greater of the LACDA requirement or the senior lender. LACDA funds may not be used to capitalize the reserve. For mixed-use projects, the replacement reserve for non-residential uses (i.e. commercial, retail, etc.) must be funded with revenue from the non-residential uses.
Residual Receipts	50-50 split: • 50% to Borrower • 50% to all other public lenders ○ Excluding LACDA NPLH Program residual receipt payments.	There will be no residual receipt payments to the LACDA for the NPLH Loan.	

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School Fees	Include the impact fee assessed by the local school district. Current LAUSD Impact Fee, eff. 8/11/2026: Residential – $5.38 / SF Commercial – $0.87 / SF		Some school districts waive or assess lower fees for 100% affordable and/or senior developments. Fees will vary between different school districts. School fees must be paid to Building and Safety prior to pulling building permit.
Section 3 (of the HCD Act of 1968 and associated regulations) and Build America, Buy America	Required when Federal funds (i.e., HOME or CDBG) are being utilized by the project.		• On November 15, 2021 the Infrastructure Investment and Jobs Act ("IIJA"), Pub. L. No. 117-58, which includes the Build America, Buy America Act ("BABA"). Pub. L. No. 117-58, §§ 70901-52, was enacted. • BABA requirements for iron, steel, manufactured products, and construction materials are meant to bolster domestic manufacturing, build more stable supply chains, and support good-paying American jobs.
Security	It is recommended that the Project provide after-hours and weekend coverage by either security personnel or property management staff.		Prior to closing, Applicant shall furnish LACDA with a site security plan detailing security in place during both construction and operations of the building, and include an itemized budget. The security plan should discuss the proposed staffing (provider, on-site vs. remote, number of staff, hours/days of shifts, etc.) and infrastructure (CCTV cameras with(out) live monitoring, two-way video systems, etc.). The site security plan shall also include an incident response policy that prioritizes de-escalation, and a discussion of how security will be coordinated with the services and property management staff. Security personnel shall not be armed.
Soft Cost Contingency	2% - 4% of soft costs		

Item	County General Funds ("CGF") Guidelines	No Place Like Home ("NPLH") Guidelines (If column is blank, CGF Guidelines apply)	Notes
Sponsor Loans	Loans made by the Sponsor to the Borrower are subject to the following limitations: • -0-% interest • No periodic payments of principal or interest • Sponsor Loan matures at least one (1) full year after the Maturity date of the LACDA Loan • Non-Recourse • Sponsor Loan Documents subordinate to the LACDA Loan Documents		
Subordination	The LACDA will generally subordinate its Deed of Trust, with right to cure, to construction loans and other public lenders with larger loan amounts. The aggregate sum of all LACDA's funding to the project will be used to determine the LACDA's lien priority.	The NPLH Regulatory Agreement, which outlines the NPLH affordability requirements and regulatory restrictions including the NPLH Transition Reserve requirements and the NPLH Target Population requirements, will not be subordinated.	The LACDA will require the other lenders (senior and junior) to execute a NPLH Subordination Agreement to subordinate to the NPLH Regulatory Agreement. Junior lenders will be required to formally subordinate their loan. NOTE: The LACDA may subordinate HOME funding to senior financing, but the HOME regulatory agreement will not be subordinated unless the Borrower provides a guaranty in form and substance acceptable to the LACDA from a guarantor acceptable to the LACDA regarding the repayment of the HOME funds and performance of related obligations.

Item	County General Funds ("CGF") Guidelines	No Place Like Home ("NPLH") Guidelines (If column is blank, CGF Guidelines apply)	Notes
Supportive Services	LACDA will permit supportive service costs (personnel and non-personnel) to be included in a project's operating budget, to the extent that the expense is justifiable, and the project maintains financial feasibility. Supportive service expenses paid with cash flow to assist homeless Special Needs (SN) units are meant to supplement the Intensive Case Management Services (ICMS) by the County of Los Angeles Department of Health Services (DHS), as well as the NPLH-specific services funded by the Department of Mental Health (DMH). The fee may escalate annually, up to a maximum of 3.5% per year.		Developers can expect to receive funding from DHS for all homeless SN units supported with PBVs. DHS funding shall cover personnel costs and majority of non-personnel costs, with additional services provided by DMH for the NPLH-assisted units. See Supportive Services spreadsheet for further information on allowed personnel and non-personnel costs. The budget must identify which services are funded by DHS and DMH versus project cash flow (or another agency subsidizing service provision, such as the VA for eligible veterans). Case Management and other service provision not covered by DHS for non-homeless SN units shall be paid out of project cashflow. Special Needs – REQUIRED: • Case Management at a 1:20 staff-to-client ratio for single adult households and 1:15 ratio for families with children • Clinical Supervision of the case management team at a staff-to-client ratio between 1:250-1:300 • Program Management responsible for supervision of case management team and overall day-to-day operation (no FTE standard) Special Needs – OPTIONAL: • Resident Services Coordination for Special Needs units, subject to approval by LACDA at a staff-to-client ratio between 1:50-1:100 General Affordable – REQUIRED: • Resident Services Coordination at a staff-to-client ratio of 1:40 • For projects with more than 40 General Affordable units, applicants may opt for a reduced staff-to-client ratio of 1:75 for the units exceeding the initial 40

Item	County General Funds ("CGF") Guidelines	No Place Like Home ("NPLH") Guidelines (If column is blank, CGF Guidelines apply)	Notes
Target Populations	Special Needs Target Populations: • Homeless Households • Homeless Seniors • Chronically Homeless • Homeless Veterans • Homeless Persons Living with a Mental Illness • Persons Living with HIV/AIDS • Persons with Intellectual and Developmental Disabilities • Transition Age Youth (Homeless and At-Risk) • Survivors of Domestic Violence/Human Trafficking/Sexual Assault General Affordable Target Populations: • Families • Seniors • Extremely Low-Income Households (up to 30% AMI)	Households with at least one person who qualifies as a member of one of the target populations identified in Welfare and Institutions Code Section 5600.3: (a) Adults or older adults with a Serious Mental Disorder, or (b) Seriously Emotionally Disturbed Children or Adolescents, who are: • Homeless, • Chronically Homeless, or • At-Risk of Chronic Homelessness These Target Populations include persons with a serious mental illness who may have co-occurring physical disabilities or co-occurring substance use disorders. Project requesting NPLH funds must reserve a minimum of 15 and a maximum of 50 NPLH units. The LACDA and DMH must approve the number of units set-aside for NPLH-qualifying residents. NPLH assisted units must be less than 49% of all units in a project. Additionally, DMH and the LACDA, in their sole discretion, may limit the number of NPLH-assisted units in a development, as well as any mix of NPLH units with non-assisted units. The LACDA and DMH retain authority to disallow the mix of units in a project, or to limit the number of NPLH-assisted units in a project.	Borrower is expected to construct the project and restrict the tenant incomes in accordance with the Unit Mix and Rents section of the application. Lease-up and marketing should be coordinated with the Los Angeles County Department of Health Services and Department of Mental Health, as applicable.

Item	County General Funds ("CGF") Guidelines	No Place Like Home ("NPLH") Guidelines (If column is blank, CGF Guidelines apply)	Notes
Tax Credit – Price/Factor	Projects must use reasonable assumptions for tax credit pricing.		A tax credit investor's letter of interest (LOI) is not required at NOFA submittal, but if available, applicants shall use this pricing (or pricing that is substantially similar) in project financing assumptions. If a Letter of Interest (LOI) is not available, applicants shall use pricing that is reasonably related to the Los Angeles County market. The LACDA will not approve a loan based on assumptions that are unreasonable or inconsistent with industry standards. The LOI must be submitted prior to the loan committee stage.
Transition Reserves	OPTIONAL If required by a senior lender or investor, LACDA will permit one-year of transition reserve for the non-NPLH units subsidized with project based rental assistance.	One-year of Transition Reserve (TR) is required for the NPLH Units subsidized with project-based rental assistance. The NPLH Transition Reserve which may be capitalized and/or funded through cash flow, and must be fully funded by year 10 of operations. If the full TR is not capitalized and funded through cash flow, the TR must receive yearly deposits through cash flow.	The NPLH Transition Reserve must remain with the project throughout the term of the LACDA loan. Written approval from the LACDA is required prior to any withdrawal from the NPLH Transition Reserve. The NPLH Transition Reserve can be held by the senior lender or in a third-party bank account established by the Borrower. The LACDA will require the Borrower to execute a form of Deposit Account Control Agreement to grant the LACDA a security interest in the NPLH Transition Reserve. The NPLH Transition Reserve shall remain with the project regardless of sale or transfer of ownership (throughout the term of the unsubordinated NPLH Regulatory Agreement). In no event shall any NPLH reserves be used to fund limited partner exit costs, repay any indebtedness of the owner and shall only be used for the support of the financial feasibility of the NPLH assisted units if approved operating subsidies for the NPLH assisted units are lost through no actions or negligence of the owner or related parties. LACDA funds may not be used to capitalize the reserve. Projects with financing from the California Department of Housing and Community Development (HCD) that have access to the pooled transition reserve, must opt into the program.

Item	County General Funds ("CGF") Guidelines	No Place Like Home ("NPLH") Guidelines (If column is blank, CGF Guidelines apply)	Notes
Vacancy Rate	General Affordable: 5% per year Special Needs: 10% per year	NPLH: 10% per year	Vacancy rate applies to tenant income and subsidy. A blended rate may be used for mixed population buildings.

FINANCING UNDERWRITING STANDARDS AND COST GUIDELINES

NOFA 33
OCTOBER 2026

ATTACHMENT 1:

MEMORANDUM FOR OWNERS AND MANGEMENT AGENTS OF HUD MULTIFAMILY PROPERTIES FOR THE MULTIFAMILY WEST REGION

DATED MARCH 26, 2026

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Federal Housing Administration – Multifamily West Region
San Francisco Regional Office
One Sansome Street, Suite 1200
San Francisco, CA 94104-4430

www.hud.gov

MEMORANDUM FOR: Owners and Management Agents of HUD Multifamily Properties

JOHN NAISH Digitally signed by: JOHN NAISH
DN: CN = JOHN NAISH C = US O = U.S. Government OU = Department of Housing and Urban Development, Office of Housing
Date: 2026.03.26 07:37:02 -07'00'

FROM: Matt Naish, Regional Director, FHA Multifamily West Region

DATE: March 26, 2026

SUBJECT: Multifamily West Region Management Fee Ranges

The Multifamily West Region is increasing management fee ranges across its 14 states and 3 territories.[1] The new fee ranges provide an increase of 3.4 to 20.6 percent to the base management fee depending on the jurisdiction. The West Region is also increasing select add-on fees by 33 to 50 percent, as well as adding a new add-on fee for Group Homes. These increases ensure that property owners can obtain quality management for their properties, and it enables management companies to meet the needs of tenants, take care of their properties, and meet HUD's high standards of excellence.

The increased management fee ranges and add-on fees are effective immediately.

GOALS

HUD has two broad goals when setting residential fee yields:

1. **Quality Management**: Provide fees that are high enough to attract quality management agents and empower them to manage complex HUD properties; and
2. **Taxpayer Accountability**: Ensure fees, which are paid from taxpayer funds, do not unreasonably exceed what independent agents and owners would negotiate for comparable services.

APPLICABILITY

Owners of the following types of projects generally do *not* have to obtain HUD approval to pay management fees out of project funds[2]:

- Profit-motivated projects that do not have rental assistance contracts;

[1] Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands.
[2] The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.8; *see also* Figure 3-5.

- Profit-motivated Title II or Title VI Preservation projects that use the Operating Cost Adjustment Factor (OCAF) to determine rent adjustments;
- Unsubsidized cooperatives and Section 234(d) condominium projects; and
- Other projects specified in HUD guidance.

All other projects must obtain HUD approval to pay management fees out of project funds and must follow the process in this memo (unless exempted by other HUD guidance).

RANGES OF ACCEPTABLE RESIDENTIAL FEE YIELDS – PER UNIT PER MONTH (PUPM)

HUD guidance provides two methods for the Regions to update the range of acceptable residential fee yields: The Market-Data Method and the Consumer Price Index (CPI) Method.[3] For the 2026 fee update, the West Region used the Market-Data Method to set the management fee for California. For the other states and territories in the West Region, fees were adjusted using the CPI Method. For more information on the West Region's methodology, see "How HUD Sets Residential Fee Yields" later in this memorandum.

Table 1: Base Yields (PUPM) by State

State or Territory	Base Yield (Top of Acceptable Range)
Alaska	$76.00
Arizona	$51.00
California	$76.00
Colorado	$61.00
Hawaii	$59.00
Idaho	$55.00
Montana	$54.00
Nevada	$58.00
North Dakota	$54.00
Oregon	$55.00
South Dakota	$54.00
Utah	$54.00
Washington	$65.00
Wyoming	$50.00
American Samoa	$54.00
Guam	$54.00
Northern Mariana Islands	$54.00

When owners or management agents submit a management certification form, HUD must assess whether the proposed fee percentage and yield (PUPM) are reasonable. If the yield does not exceed

[3] The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.19.

the top of the acceptable range in Table 1 at the time of HUD review, the residential management fee is considered reasonable, and HUD may approve the fee percentage. If the yield exceeds the top of the acceptable range above, HUD must deny the fee percentage.[4]

At the time of issuing this memorandum, if an owner's last approved base management fee yield (PUPM) exceeds the ranges listed above, that yield may generally remain as-is, provided there is an approved management certification that has not expired. In such a case, the fee percentage will not be reduced to bring the yield within the acceptable ranges above. However, at the time a new management certification is required, or at the owner's request for a new certification, the new yield will be approved within the acceptable ranges identified above.

For the purpose of calculating the management fee, the number of units at the property is as indicated in the property's most recent controlling documents.

Effect of Future Rent Increases on the Fee Yield

The fee percentage previously approved by HUD may, as future rent increases occur, result in a fee yield (PUPM) that exceeds the top of the acceptable range in Table 1. As long as the fee percentage remains the same, this higher yield is generally allowable.[5]

There are some situations, however, where the fee percentage and fee yield must be recalculated. Large rent increases, for example, may require a decrease of the fee percentage.[6] When a project will receive a rent increase equal to 20 percent or more of its current rent potential, the management fee percentage must be decreased using the method described in the Management Agent Handbook (4381.5 REV-2), ¶ 3.9.

In addition, if an owner's management certification form (forms HUD-9839-A and -B) indicates the management fee yield is capped, the management fee percentage must be adjusted downward for any rent increase that would cause the yield to exceed the indicated cap, even rent increases of less than 20 percent.

Excessive Management Fees

HUD has a duty to ensure taxpayer funds are used judiciously and that owners' purchasing of goods and services are at reasonable cost and at an appropriate value for the benefits provided. The fee percentage previously approved by HUD will, as future rent increases occur, cause the fee yield (PUPM) to grow. While it is generally allowable for the fee yield to grow beyond the top of the acceptable range in Table 1,[7] the fee yield cannot grow so large as to be excessive.

As shown in the scenario in Table 2, consistent budget-based rent increases (BBRIs) at a property can, over time, cause a reasonable management fee to become excessive and unreasonable. In the scenario, the management fee starts at the top of the acceptable range for California ($76 PUPM), but

[4] The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.20(c).
[5] The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.20(c).
[6] The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.11(b).
[7] The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.20(c).

over the course of 15 years of BBRIs, the fee would, if left unchecked, rise to $416 PUPM, which is excessive and unreasonable.

Table 2: Scenario of Consistent BBRIs Creating Excessive Management Fee

Year	Sample Budget-Based Rent Increase	Resulting Residential Fee (PUPM)
Year 0	-	$76
Year 1	12%	$85
Year 2	12%	$95
Year 3	12%	$107
Year 4	12%	$120
Year 5	12%	$134
Year 6	12%	$150
Year 7	12%	$168
Year 8	12%	$188
Year 9	12%	**$211**
Year 10	12%	**$236**
Year 11	12%	**$264**
Year 12	12%	**$296**
Year 13	12%	**$332**
Year 14	12%	**$371**
Year 15	12%	**$416**

Excessive management fees are not permitted. The management certification form signed by the owner and HUD provides HUD the authority to identify an excessive fee, replace it with a reasonable fee, and require the management agent to refund to the project all excessive fees collected.[8] HUD may also choose, at its discretion, to freeze the excessive management fee at the fee yield (PUPM) approved in the most recent BBRI. In such a case, as rent increases occur, the management fee yield will remain the same until HUD increases management fee ranges in the future and HUD no longer considers the fee to be excessive. HUD may also use any other reasonable methodology to address this issue.

ADD-ON FEES

The Management Agent Handbook (HUD Handbook 4381.5) permits add-on fees when projects have long-term characteristics or conditions that require additional management effort beyond the activities covered by the residential management fee.[9]

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[8] Project Owner's Certification for Owner-Managed Multifamily Housing Projects, (Form HUD-9839-A), § 1(e); Project Owner's/Management Agent's Certification (Form HUD-9839-B), § 1(e).
[9] The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.7.

Before considering add-on fees, HUD must first compute the permitted percentages for residential, commercial, and miscellaneous income and determine if they are acceptable.[10] After HUD has approved these fee percentages and the associated fee yield (PUPM), HUD may then consider the add-on fees. The add-on fees may cause the fee yield to exceed the top of the acceptable range, which is allowable. The add-on fees may not, however, be used to increase the fee percentage.[11]

Owners and agents requesting add-on fees for a project must submit a new management certification (forms HUD-9839-A or -B) and list the requested fees under the Special Fees section of the form.

For short-term or temporary project conditions, owners and agents should seek special management fees.[12] The West Region will not approve add-on fees for temporary project conditions.[13]

SCHEDULE OF PERMISSIBLE ADD-ON FEES

Subsidy Mix - $3 PUPM

A combination of rental subsidies. Section 8/PRAC and another HUD or low-income housing tax credit (LIHTC) subsidy.

Group Homes - $10 PUPM

Applies to properties that are group homes: A small, non-institutional residential property in which residents live in a shared-living arrangement with private or semi-private bedrooms and shared common areas, rather than in self-contained dwelling units. Group homes were developed under either the Section 202 Direct Loan program and assisted under a Section 8 Housing Assistance Payment (HAP) contract or developed under the Section 811 program and assisted under a Project Rental Assistance Contract (PRAC). Whether a property qualifies as a group home is at the discretion of HUD.

Special Population - $3 PUPM

Special Population add-on fees apply to properties that are specifically designated to house elderly or disabled residents.

Remote Location - $4 PUPM

- No local management is available; the agent shall provide HUD with evidence that it will incur unusually high travel costs; or
- The agent shall provide HUD with evidence that it will incur additional costs to conduct special outreach to attract residents.

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[10] The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.7.
[11] The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.7.
[12] The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.6.
[13] The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.7(a)(3).

Small or Scattered Site - $3 PUPM

Properties with fewer than 20 units or projects under one contract that are scattered sites.

Utility Allowance - $1 PUPM

Properties with tenant-paid utilities in which the agent must conduct a Utility Allowance Analysis as detailed in HUD Notice H-2015-04. The add-on fees may not exceed $1,000/year total. For more specific guidance: https://www.hud.gov/sites/documents/15-04hsgn.pdf.

Homeless Preference - $3 PUPM

For properties with an approved "homeless preference" (i.e., HUD has approved an amended Tenant Selection Plan containing this preference), and with at least one previously homeless individual/household admitted during the previous year. The add-on fee is only available after the initial nine-month special fee term has expired (or was not requested) and may not exceed $3,600 annually. This fee can be collected while a property's homeless preference is active and TRACS shows the project has at least one Previous Housing Code 5 move-in within the previous year. For more specific guidance: https://www.hudexchange.info/homelessness-assistance/multifamily-housing-owners-managers/.

In addition to the add-on fee, owners may request a special fee during the nine-month start-up period to enable the owner or agent to create and implement the homeless preference process. The special fee of $2.50 PUPM can be taken for no longer than a continuous nine-month period and may not be extended. The maximum annual fee cannot exceed $4,500 per property. For more information on special fees, see the next section.

Violence Against Women Act (VAWA) Policies - $2 PUPM

For properties that notify all tenants and applicants of their occupancy rights under VAWA (form HUD-5380), that have implemented a sufficient Emergency Transfer Plan for victims of domestic violence (form HUD-5381), and that have established a HUD-approved VAWA preference in their Tenant Selection Plans. This fee can be collected while these policies are active.

Eliminated Add-On Fees

Owners/agents that had an approved management certification claiming previous "Challenge" add-on fees may continue to claim those add-on fees until a new management certification is required, or until the owner's request for a new certification. The "Challenge" add-on fees were up to $1 PUPM for each specific activity.

SPECIAL FEES

Owners and agents may propose special fees to address project conditions that are temporary in nature. Special fees may be appropriate where the fee is tied to the correction of specific problems or the accomplishment of specific tasks, for example, the substantial rehabilitation of a property, obtaining or renewing a lease for commercial space at the project, or addressing high incidences of crime or vandalism at the property. Due to the temporary nature of special fees, owners and agents requesting them must include a start and end date on the management certification form (HUD-

9839). More specific information on special fees can be found in HUD Handbook 4381.5, Chapter 3, ¶ 3.6.

Documentation required to propose a special fee for addressing high incidences of crime or vandalism at the property includes, but is not limited to:

1. A list of the number of lease terminations and evictions for crimes over the past 12 months;
2. Evidence from the local government or police that the owner or agent has sought assistance in deterring crime at the property; or a copy of police records evidencing the degree of crime at the property and surrounding area;
3. A copy of the current plan to address the crime problems and an account of how successful it has been;
4. Evidence that the residents support the plan and are assisting in its implementation; and
5. Documentation that more time is required of the agent on site.

Updated documentation may be requested by the property's Account Executive to determine if this fee remains appropriate.

REQUESTING THE UPDATED MANAGEMENT FEES

Owners and management agents may request an updated residential fee yield (PUPM), add-on fees, or special fees by submitting a new management certification form (forms HUD-9839-A or -B) to the appropriate e-mail address below. In the Subject line, include the property name, request type (Management Certification), and the Property ID, FHA number, or contract number.

- For properties in Arizona, California, Hawaii, Nevada, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands: E-mail SF.Incoming@hud.gov
- For properties in Alaska, Colorado, Idaho, Montana, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming: E-mail Den.Incoming@hud.gov

COMPUTER AND BOOKKEEPING FEES

Computer and Bookkeeping Fees attributed to front-line project requirements are treated as a project expense; do not include these fees on the management certification form (forms HUD-9839-A or B). For updated ranges, see the West Region 2022 Bookkeeping Fee Ranges Memo. See HUD Handbook 4381.5, Chapter 3, for more information.

HOW HUD SETS RESIDENTIAL FEE YIELDS

HUD guidance requires the Regions to update the range of acceptable residential fee yields every two years.[14] The guidance provides two methods for updating the fees:

- **Market-Data Method**: HUD analyzes the management fees paid by FHA-insured properties that 1) don't have HUD rental assistance, 2) have a profit-motivated ownership type, and 3) hired an independent management agent. These owners and agents have market-based incentives for controlling both operating costs and management fees. These properties,

[14] The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.19.

however, often lack the complexity of HUD-assisted properties. So once this data has been compiled and analyzed, HUD then increases the average fee by up to 20 percent and uses the result to set the top end of the acceptable range.[15]

- **Consumer Price Index (CPI) Method**: HUD takes the previously approved fee ranges and applies any change in the CPI over the intervening period.[16]

Fee for California Set Using the Market-Data Method

The West Region used the Market-Data Method for setting the management fee for California. The state has a sufficient number of properties that meet the criteria (described above) to conduct the Market-Data Method. Following the Handbook process, Table 3 shows the management fee yields at properties in California that meet the Handbook criteria[17]:

Table 3: Fee Yields at California Properties Meeting Handbook Criteria

(a) Fee Yield (PUPM)	(b) Number of Projects	(c) Total (a x b)
$27	1	$27
$32	1	$32
$37	2	$74
$40	1	$40
$42	1	$42
$43	1	$43
$44	2	$88
$45	1	$45
$46	2	$92
$47	2	$94
$48	6	$288
$49	3	$147
$50	3	$150
$51	3	$153
$52	4	$208
$53	6	$318
$54	6	$324
$55	3	$165
$56	3	$168
$57	4	$228
$58	7	$406
$59	3	$177
$60	5	$300
$61	5	$305
$62	2	$124
$63	1	$63
$64	3	$192
$65	1	$65
$66	2	$132
$67	2	$134
$68	2	$136
$69	1	$69

[15] The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.19(a), (c).
[16] The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.19.
[17] The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.19(c).

(a) Fee Yield (PUPM)	(b) Number of Projects	(c) Total (a x b)
$70	4	$280
$72	1	$72
$73	1	$73
$74	1	$74
$75	2	$150
$76	3	$228
$78	1	$78
$80	1	$80
$81	2	$162
$83	1	$83
$84	1	$84
$85	1	$85
$86	2	$172
$87	1	$87
$89	1	$89
$91	1	$91
$92	1	$92
$97	1	$97
$108	1	$108
$117	1	$117
$132	1	$132
$135	1	$135
$137	1	$137
Total	**120**	**$7,535**

Handbook calculations[18]:

- Average Fee Yield: $7,535 ÷ 120 = $62.79 (rounded to $63 PUPM).
- The top of the acceptable range: $63 x 120% = $75.60 (rounded to $76 PUPM).
- The bottom of the acceptable range: $27 PUPM.

Based on the Market-Data Method, a property in California may propose a base yield (PUPM) in the range of $27 to $76 PUPM.

Fees for Other States and Territories Set Using the CPI Method

The West Region decided against using the Market-Data Method for setting the management fee in the remaining states and territories because there was not a sufficient number of properties in each of those jurisdictions that met the Handbook criteria (an FHA-insured property without HUD rental assistance, with a profit-motivated ownership type, and with an independent management agent). Thus, the West Region used the CPI Method to adjust management fees in those jurisdictions. The Region took the 2024 Fee Memo ranges and applied the change in the Consumer Price Index (CPI) from December 2023 to December 2025. The change in the CPI from December 2023 to December 2025 was 4.1 percent in the Mountain region, 6.0 percent in the Pacific region, and 5.4 percent in the West North Central region.

[18] The Management Agent Handbook (4381.5 REV-2), HUD (Dec. 1994), ¶ 3.19(c).