

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 16, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Sarah Lester

Applicant:	City of Los Angeles
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Allocation Amount Requested:	
Tax-exempt:	\$17,710,000

Project Information:	
Name:	HiFi Collective (fka Temple View)
Project Address:	3200 West Temple Street
Project City, County, Zip Code:	Los Angeles, Los Angeles, 90026

Project Sponsor Information:	
Name:	HiFi Collective, LP (HiFi Collective LLC and Search to Involve Pilipino Americans)
Principals:	Rebecca Clark and Suny Lay Chang for HiFi Collective LLC; Lyle del Mundo for Search to Involve Pilipino Americans
Property Management Company:	John Stewart Company

Project Financing Information:	
Bond Counsel:	Kutak Rock LLP
Private Placement Purchaser:	MUFG Union Bank, N.A.
Cash Flow Permanent Bond:	Not Applicable
Public Sale:	Not Applicable
Underwriter:	Not Applicable
Credit Enhancement Provider:	Not Applicable
Rating:	Not Applicable
TEFRA Noticing Date:	May 3, 2019
TEFRA Adoption Date:	June 20, 2019

Description of Proposed Project:	
State Ceiling Pool:	General
Total Number of Units:	64
Manager's Units:	1 Unrestricted
Type:	New Construction
Population Served:	Family/Special Needs

HiFi Collective Apartments (fka Temple View) is a new construction project that will be located in Los Angeles on a .51-acre site. The project will consist of 63 restricted rental units and 1 unrestricted manager unit. The project will have 63 studio units and 1 two-bedroom unit. The project will consist of one five-story elevator-serviced building with one level of parking and commercial space on the ground floor. Common amenities include a large community room with offices, an outdoor patio area, bicycle parking and laundry facilities. Each unit will have a refrigerator, a range/oven, a dishwasher and cabinetry. There will be 13 parking spaces provided including two ADA accessible spaces. The project will incorporate energy star appliances, energy efficient lighting and efficient plumbing and irrigation features. The construction is expected to begin Janaury 2020 and be completed in August 2021.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
92% (58 units) restricted to 50% or less of area median income households.
8% (5 units) restricted to 60% or less of area median income households.
Unit Mix: Studio & 2 bedroom

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost: \$ 32,864,007
Estimated Hard Costs per Unit: \$ 263,343 (\$16,853,923 /64 units including mgr. unit)
Estimated per Unit Cost: \$ 513,500 (\$32,864,007 /64 units including mgr. unit)
Allocation per Unit: \$ 276,719 (\$17,710,000 /64 units including mgr. unit)
Allocation per Restricted Rental Unit: \$ 281,111 (\$17,710,000 /63 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 17,710,000	\$ 4,574,000
LIH Tax Credit Equity	\$ 756,453	\$ 8,018,481
GP Contribution	\$ 400,000	\$ 400,000
Deferred Developer Fee	\$ 0	\$ 526,641
Deferred Costs	\$ 1,415,742	\$ 0
HCIDLA HHH	\$ 6,095,700	\$ 12,760,000
LACDC NPLH	\$ 6,486,112	\$ 6,584,885
Total Sources	\$ 32,864,007	\$ 32,864,007

Uses of Funds:	
Land Cost/Acquisition	\$ 2,313,500
New Construction	\$ 18,517,865
Contractor Overhead & Profit	\$ 1,026,836
Architectural Fees	\$ 1,000,000
Survey and Engineering	\$ 390,000
Construction Interest and Fees	\$ 2,112,186
Permanent Financing	\$ 50,740
Legal Fees	\$ 170,000
Reserves	\$ 199,621
Appraisal	\$ 15,000
Hard Cost Contingency	\$ 1,302,350
Local Development Impact Fees	\$ 405,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 1,934,268
Developer Costs	\$ 3,426,641
Total Uses	\$ 32,864,007

Analyst Comments:

This project is considered a high cost per unit project. According to the application, the factors contributing to the high cost per unit are as follows: pursuit of additional sustainability measures beyond TCAC minimum requirements; furnishings for units, common areas and office; use of high quality and durable materials; prevailing wages; high market demand and increased tariffs on materials.

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

65 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$17,710,000 in tax-exempt bond allocation on a carryforward basis.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	0
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	0
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	120	65