

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
July 17, 2019

HiFi Collective, located at 3200 West Temple Street in Los Angeles, requested and is being recommended for a reservation of \$842,223 in annual federal tax credits to finance the new construction of 63 units of housing serving special needs tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by LINC Housing Corporation and will be located in Senate District 24 and Assembly District 51.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-19-491

Project Name HiFi Collective
Site Address: 3200 West Temple Street
 Los Angeles, CA 90026 County: Los Angeles
Census Tract: 2086.10

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$842,223	\$0
Recommended:	\$842,223	\$0

Applicant Information

Applicant: LINC Housing Corporation
Contact: Cecilia Ngo
Address: 3590 Elm Avenue
 Long Beach, CA 90807
Phone: 562-684-1134
Email: cngo@linchousing.org

General Partner(s) or Principal Owner(s): LINC Housing Corporation
 Search to Involve Pilipino Americans

General Partner Type: Nonprofit

Parent Company(ies): LINC Housing Corporation
 Search to Involve Pilipino Americans

Developer: LINC Housing Corporation

Investor/Consultant: California Housing Partnership Corporation

Management Agent: The John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 64
 No. / % of Low Income Units: 63 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (100% - 63 Units)

Bond Information

Issuer: Housing & Community Investment Department of the City of Los Angeles
 Expected Date of Issuance: April 2020

Information

Housing Type: Special Needs
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Jack Waegell

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
50% AMI: 58	92%
60% AMI: 5	8%

Unit Mix

63 SRO/Studio Units
 1 2-Bedroom Units

 64 Total Units

<u>Unit Type & Number</u>	<u>2018 Rents Targeted % of Area Median Income</u>	<u>2018 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
58 SRO/Studio	50%	50%	\$848
5 SRO/Studio	60%	60%	\$1,018
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,072,896
Construction Costs	\$17,153,652
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$891,439
Soft Cost Contingency	\$275,466
Relocation	\$0
Architectural/Engineering	\$1,245,440
Const. Interest, Perm. Financing	\$1,982,724
Legal Fees	\$153,360
Reserves	\$199,621
Other Costs	\$2,151,462
Developer Fee	\$3,070,270
Commercial Costs	\$3,667,677
Total	\$32,864,007

Residential

Construction Cost Per Square Foot:	\$351
Per Unit Cost:	\$456,193
True Cash Per Unit Cost*:	\$447,964

Construction Financing

Source	Amount
Union Bank	\$17,710,000
HCIDLA - Prop. HHH PSH	\$6,095,700
LACDA - No Place Like Home	\$6,486,112
Deferred Costs	\$1,415,742
General Partner Capital Contributio	\$400,000
Tax Credit Equity	\$756,453

Permanent Financing

Source	Amount
Union Bank	\$4,574,000
HCIDLA - Prop. HHH PSH	\$12,760,000
LACDA - No Place Like Home	\$6,584,885
Deferred Developer Fee	\$526,641
General Partner Capital Contribution	\$400,000
Tax Credit Equity	\$8,018,481
TOTAL	\$32,864,007

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$25,914,542
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$25,914,542
Total Maximum Annual Federal Credit:	\$842,223
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,070,270
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.95206

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$25,914,542
Actual Eligible Basis:	\$25,914,542
Unadjusted Threshold Basis Limit:	\$15,963,193
Total Adjusted Threshold Basis Limit:	\$36,555,713

Adjustments to Basis Limit

Required to Pay State or Federal Prevailing Wages/Financed by labor-affiliated organization employing construction workers paid at least state or federal prevailing wages

Parking Beneath Residential Units or On-Site Parking Structure of Two or More Levels

95% of Upper Floor Units are Elevator-Serviced

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income and Market Rate Units are Income Targeted between 50% AMI & 36% AMI: 92%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses meet or exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.30% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Significant Information / Additional Conditions

The Los Angeles County Department of Health Services will also be providing the project with supportive services for 63 homeless and chronically homeless individuals through a contract with an approved Intensive Case Management Services (ICMS) provider.

Resyndication and Resyndication Transfer Event: None

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.