

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report**

**2023 Second Round**

**November 8, 2023**

The Steps on St. Andrews, located at 1808 S. St. Andrews Place in Los Angeles, requested and is being recommended for a reservation of \$1,189,319 in annual federal tax credits to finance the new construction of 19 units of housing serving special needs tenants with rents affordable to households earning 15%-60% of area median income (AMI). The project will be developed by Clifford Beers Housing (a/k/a Holos Communities) and will be located in Senate District 28 and Assembly District 55.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the Veterans Housing and Homelessness Prevention (VHHP) program of HCD.

**Project Number** CA-23-143

**Project Name** The Steps on St. Andrews  
Site Address: 1808 S. St. Andrews Place  
Los Angeles, CA 90019  
County: Los Angeles  
Census Tract: 2213.02

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,189,319	\$0
Recommended:	\$1,189,319	\$0

**Applicant Information**

Applicant: Steps St. A, L.P.  
Contact: Audrey Peterson  
Address: 11739 Victory Blvd  
North Hollywood, CA 91606  
Phone: 213-316-0108  
Email: apeterson@holoscommunities.org

General Partner(s) / Principal Owner(s):	Steps St. A LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Clifford Beers Housing
Developer:	Clifford Beers Housing (a/k/a Holos Communities)
Investor/Consultant:	Enterprise Community Partners
Management Agent(s):	Levine Management Group

**Project Information**

Construction Type:	New Construction
Total # Residential Buildings:	1
Total # of Units:	20
No. & % of Tax Credit Units:	19 100%
Federal Set-Aside Elected:	40%/60%
Federal Subsidy:	HUD Section 8 Project-based Vouchers (15 Units - 79%)

**Information**

Set-Aside: Nonprofit (Homeless assistance)  
 Housing Type: Special Needs  
 Type of Special Needs: Homeless  
 Average Targeted Affordability of Special Needs/SRO Project Units: 30.00%  
 % of Special Need Units: 17 units 89.47%  
 Geographic Area: City of Los Angeles  
 CTCAC Project Analyst: Brett Andersen

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percent of Required Affordable Units</b>
At or Below 30% AMI:	16	84%
At or Below 45% AMI:	1	5%
At or Below 60% AMI:	2	11%

**Unit Mix**

20 SRO/Studio Units
20 Total Units

<b>Unit Type &amp; Number</b>	<b>2023 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
3 SRO/Studio	15%	\$313
11 SRO/Studio	30%	\$625
1 SRO/Studio	45%	\$938
2 SRO/Studio	30%	\$335
2 SRO/Studio	60%	\$1,250
1 SRO/Studio	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,440,199
Construction Costs	\$8,926,501
Rehabilitation Costs	\$0
Construction Contingency	\$911,039
Relocation	\$0
Architectural/Engineering	\$743,593
Const. Interest, Perm. Financing	\$1,183,778
Legal Fees	\$162,500
Reserves	\$649,612
Other Costs	\$899,164
Developer Fee	\$1,851,113
Commercial Costs	\$0
<b>Total</b>	<b>\$16,767,499</b>

**Residential**

Construction Cost Per Square Foot:	\$1,087
Per Unit Cost:	\$838,375
True Cash Per Unit Cost*:	\$780,625

**Construction Financing**

Source	Amount
Key Bank	\$6,117,294
General Partner Loan	\$365,000
Deferred Costs	\$680,636
Deferred Developer Fee	\$512,758
General Partner Equity	\$100
Tax Credit Equity	\$7,936,711

**Permanent Financing**

Source	Amount
CCRC	\$180,000
HCD - VHHP	\$5,110,444
Land Donation	\$1,155,000
General Partner Loan	\$365,000
General Partner Equity	\$100
Tax Credit Equity	\$9,956,955
<b>TOTAL</b>	<b>\$16,767,499</b>

\*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$10,165,123
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$13,214,660
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,189,319
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,851,113
Investor/Consultant:	Enterprise Community Partners
Federal Tax Credit Factor:	\$0.83720

The "as if vacant" land value and the existing improvement value established at application, 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, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Tie-Breaker Information**

First:	<b>Special Needs</b>
Self-Score Final:	<b>71.606%</b>
CTCAC Final:	<b>69.748%</b>

**Significant Information / Additional Conditions**

Staff noted a per unit cost of \$780,625 per unit. The applicant noted that the per unit cost is attributed to the City of Los Angeles's Vountary Compliance Agreement with the Department of Justice, which mandates accessibility inspections, which heightened bid numbers for contractors, as well as heightened labor and material prices over the past twelve to eighteen months.

The applicant anticipates that the water service will be sub-metered and that the tenants will be billed separately for their water usage by a 3rd party company. Accordingly, the units' utility allowances include a component for water. The applicant is aware that sub-metering the water service and direct billing of the tenants by a 3rd party company must follow certain IRS rules in order to be in compliance. In conjunction with the IRS rules, prior to the issuance of the IRS 8609 forms, CTCAC will need to confirm that the water service and tenant billing have been implemented correctly. In addition, the CTCAC Compliance Section will require specific information regarding the master water bill and each tenant's water usage and water bill when they inspect the project.

**Resyndication and Resyndication Transfer Event:** None.

**Local Reviewing Agency**

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

**Standard Conditions**

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

CTCAC 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 CTCAC.

The applicant must pay CTCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, CTCAC 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 CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC 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 CTCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

<b>Points System</b>	<b>Max. Possible Points</b>	<b>Requested Points</b>	<b>Points Awarded</b>
<b>Owner / Management Characteristics</b>	<b>10</b>	<b>10</b>	<b>10</b>
General Partner Experience	7	7	7
Management Experience	3	3	3
<b>Housing Needs</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Site Amenities</b>	<b>15</b>	<b>15</b>	<b>15</b>
Within 1/3 mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within 1/2 mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Special Needs project within 1/2 mile of facility serving tenant population	3	3	3
Within 1/2 mile of a pharmacy	2	2	2
<b>Service Amenities</b>	<b>10</b>	<b>10</b>	<b>10</b>
SPECIAL NEEDS HOUSING TYPE			
Case Manager, minimum ratio of 1 FTE to 100 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 42 hrs/yr instruction	5	5	5
<b>Lowest Income</b>	<b>52</b>	<b>52</b>	<b>52</b>
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
<b>Readiness to Proceed</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Miscellaneous Federal and State Policies</b>	<b>2</b>	<b>2</b>	<b>2</b>
Smoke Free Residence	2	2	2
<b>Total Points</b>	<b>109</b>	<b>109</b>	<b>109</b>

**Please Note:** If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

**DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL REAPPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.**