

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**

**Project Staff Report  
Tax-Exempt Bond Project  
December 6, 2023**

Second St Andrews Apartments, located at 1511 St. Andrews Place in Los Angeles and 1309 2nd Avenue in Los Angeles requested and is being recommended for a reservation of \$1,052,423 in annual federal tax credits to finance the acquisition & rehabilitation of 63 units of housing serving tenants with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Second St Andrews Developer Limited Partnership and is located in Senate District 28 and Assembly District 55.

Second St Andrews Apartments is a re-syndication of an existing Low Income Housing Tax Credit (LIHTC) projects, Second Avenue Apartments (CA-2006-131) and St. Andrews Arms Apartments (CA-2007-88). See Resyndication and Resyndication Transfer Event below for additional information. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

**Project Number** CA-23-657

**Project Name** Second St Andrews Apartments

Site Address:	St. Andrews Arms Apartments 1511 St. Andrews Place Los Angeles, CA 90019	Second Avenue Apartments 1309 2nd Avenue Los Angeles, CA 90019
County:	Los Angeles	Los Angeles
Census Tract:	2213.04	2181.20

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$1,052,423	\$0
Recommended:	\$1,052,423	\$0

**Applicant Information**

Applicant: Second St Andrews Preservation Limited Partnership  
Contact: Charles Treach  
Address: 601 Cypress Ave Ste 302  
Hermosa Beach, CA 90254  
Phone: (310) 802-6681  
Email: chuck@preservationpartners.org

General Partner(s) or Principal Owner(s): Second St Andrews Preservation Partners LLC  
Cornucopia Services  
General Partner Type: Joint Venture  
Parent Company(ies): Second St Andrews Preservation Partners LLC  
Cornucopia Services  
Developer: Second St Andrews Developer Limited Partnership  
Bond Issuer: CSCDA  
Investor/Consultant: Candeur Group LLC  
Management Agent: FPI Management

**Project Information**

Construction Type: Acquisition & Rehabilitation  
 Total # Residential Buildings: 2  
 Total # of Units: 65  
 No. / % of Low Income Units: 64 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers (47 Units - 63%)

**Information**

Housing Type: Non-Targeted  
 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>Percentage of Affordable Units</b>
30% AMI:	25	39%
35% AMI:	5	8%
40% AMI:	5	8%
45% AMI:	5	8%
50% AMI:	5	8%
60% AMI:	18	28%

**Unit Mix**

21 SRO/Studio Units  
 8 1-Bedroom Units  
35 2-Bedroom Units  
 64 Total Units

<b>Unit Type &amp; Number</b>	<b>2023 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
1 SRO/Studio	60%	\$1,324
1 1 Bedroom	30%	\$709
4 1 Bedroom	35%	\$827
2 1 Bedroom	40%	\$946
1 1 Bedroom	60%	\$1,419
4 2 Bedrooms	30%	\$840
1 2 Bedrooms	35%	\$982
3 2 Bedrooms	40%	\$1,124
5 2 Bedrooms	45%	\$1,265
5 2 Bedrooms	50%	\$1,407
3 2 Bedrooms	60%	\$1,691
13 2 Bedrooms	60%	\$1,691
20 SRO/Studio	30%	\$662
1 2 Bedrooms	Manager's Unit	\$0

## Project Cost Summary at Application

Land and Acquisition	\$17,900,000
Construction Costs	\$0
Rehabilitation Costs	\$3,458,523
Construction Hard Cost Contingency	\$333,450
Soft Cost Contingency	\$100,000
Relocation	\$225,400
Architectural/Engineering	\$345,000
Const. Interest, Perm. Financing	\$1,248,433
Legal Fees	\$525,000
Reserves	\$320,000
Other Costs	\$583,717
Developer Fee	\$1,686,971
Commercial Costs	\$0
<b>Total</b>	<b>\$26,726,494</b>

## Residential

Construction Cost Per Square Foot:	\$71
Per Unit Cost:	\$411,177
True Cash Per Unit Cost*:	\$417,601

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Lument	\$10,160,000	Lument	\$10,160,000
Second Avenue Tax-Exempt <sup>1</sup>	\$822,000	Second Avenue Tax-Exempt <sup>1</sup>	\$822,000
St Andrews Tax-Exempt <sup>2</sup>	\$1,918,000	St Andrews Tax-Exempt <sup>2</sup>	\$1,918,000
Second Avenue Taxable <sup>3</sup>	\$1,000,998	Second Avenue Taxable <sup>3</sup>	\$910,071
St Andrews Taxable <sup>4</sup>	\$2,335,661	St Andrews Taxable <sup>4</sup>	\$2,123,500
Second Avenue PCNA <sup>5</sup>	\$150,645	Second Avenue PCNA <sup>5</sup>	\$150,645
St Andrews PCNA <sup>6</sup>	\$259,420	St Andrews PCNA <sup>6</sup>	\$259,420
Net Operating Income	\$700,370	Net Operating Income	\$700,370
General Partner Equity	\$200	General Partner Equity	\$200
Deferred Developer Fee	\$600,000	Tax Credit Equity	\$9,682,288
Tax Credit Equity	\$8,779,200	<b>TOTAL</b>	<b>\$26,726,494</b>

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

<sup>1</sup>Second Avenue Limited Partnership - Tax-Exempt Seller Carryback Loan

<sup>2</sup>St. Andrews Preservation Limited Partnership - Tax-Exempt Seller Carryback Loan

<sup>3</sup>Second Avenue Limited Partnership - Taxable Seller Carryback Loan

<sup>4</sup>St. Andrews Preservation Limited Partnership - Taxable Seller Carryback Loan

<sup>5</sup>Second Avenue Limited Partnership - Seller Credit Project Capital Need Contribution

<sup>6</sup>St. Andrews Preservation Limited Partnership - Seller Credit Project Capital Need Contribution

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$6,889,969
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$17,356,500
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$8,956,960
Qualified Basis (Acquisition):	\$17,356,500
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$358,163
Maximum Annual Federal Credit, Acquisition:	\$694,260
Total Maximum Annual Federal Credit:	\$1,052,423
Approved Developer Fee in Project Cost:	\$1,686,971
Approved Developer Fee in Eligible Basis:	\$1,626,971
Investor/Consultant:	Candeur Group LLC
Federal Tax Credit Factor:	\$0.92000

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.

**Significant Information / Additional Conditions:** None.

**Resyndication and Resyndication Transfer Event**

Prior to closing, the applicant or its assignee shall obtain CTCAC's consent to assign and assume the existing Regulatory Agreements St. Andrews Arms (CA-07-088) & Second Avenue (CA-06-131). To be eligible for a new award of tax credits, the owner must provide documentation with the Form 8609 request (the placed in service submission) that the acquisition date and the placed in service date both occurred after the existing federal 15 year compliance period was completed. For resyndications that were originally rehabilitation and acquisition, the resyndication acquisition date cannot occur before the last rehabilitation credit year of the original credit period.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

The newly resyndicated project shall continue to meet the rents and income targeting levels in the existing regulatory agreement(s) and any deeper targeting levels in the new regulatory agreement(s) for the duration of the new regulatory agreement(s).

Existing households determined to be income-qualified for purposes of IRC §42 credit during the 15-year compliance period are concurrently income-qualified households for purposes of the extended use agreement. As a result, any household determined to be income qualified at the time of move-in under the existing regulatory agreements St. Andrews Arms (CA-2006-131) & Second Avenue (CA-2007-088) is a qualified low-income household for the subsequent allocation (existing household eligibility is “grandfathered”).

The project is a resyndication where the existing regulatory agreement requires service amenities. The project shall provide a similar or greater level of services for a period of at least 15 years under the new regulatory agreement. The project is deemed to have met this requirement based on CTCAC staff's review of the commitment in the application. The services documented in the placed in service package will be reviewed by CTCAC staff for compliance with this requirement at the time of the placed in service submission.

The project is a resyndication occurring concurrently with a Transfer Event with distribution of Net Project Equity. The rehabilitation scope of work shall include all of the Short Term Work in the amount of \$410,065. In consideration of the Short Term Work requirement, the seller of the project will give a credit in the amount of at least \$410,065. As a result of the seller credit, the project is allowed to receive eligible basis for the entire Short Term Work amount.

### **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.

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 reservation 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.

**CDLAC Additional Conditions**

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

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).