

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**December 11, 2019**

The Concord, located at 275 E. Cordova Street in Pasadena, requested and is being recommended for a reservation of \$2,060,767 in annual federal tax credits to finance the acquisition and rehabilitation of 149 units of housing serving tenants with rents affordable to households earning 50-60% of area median income (AMI). The project will be developed by Retirement Housing Foundation and is located in Senate District 25 and Assembly District 41.

The project is currently at-risk, but is being recommended for a reservation of tax credits that will be preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

**Project Number** CA-19-597

**Project Name** The Concord  
 Site Address: 275 E Cordova Street  
 Pasadena, CA 91101 County: Los Angeles  
 Census Tract: 4636.02

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,060,767	\$0
Recommended:	\$2,060,767	\$0

**Applicant Information**

Applicant: Concord RHF Partners, LP  
 Contact: Kevin Gilchrist  
 Address: 911 N Studebaker Road  
 Long Beach, CA 90815  
 Phone: 562-257-5146  
 Email: kevin.gilchrist@rhf.org

General Partner(s) or Principal Owner(s): Pasadena RHF Housing, Inc.  
 General Partner Type: Nonprofit  
 Parent Company(ies): Retirement Housing Foundation  
 Developer: Retirement Housing Foundation  
 Investor/Consultant: Wells Fargo Bank  
 Management Agent: Foundation Property Management

**Project Information**

Construction Type: Acquisition & Rehabilitation  
 Total # Residential Buildings: 1  
 Total # of Units: 150  
 No. / % of Low Income Units: 149 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt  
 HUD Section 8 Project Based Contract (149 units - 100%)

**Bond Information**

Issuer: CSCDA  
 Expected Date of Issuance: March 1, 2020

**Information**

Housing Type: At-Risk  
 Geographic Area: Balance of Los Angeles County  
 TCAC Project Analyst: Marlene McDonough

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
50% AMI: 38	26%
60% AMI: 111	74%

**Unit Mix**

57 SRO/Studio Units  
 92 1-Bedroom Units  
 1 2-Bedroom Units  


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 150 Total Units

<b>Unit Type &amp; Number</b>	<b>2019 Rents Targeted % of Area Median Income</b>	<b>2019 Rents Actual % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
17 SRO/Studio	50%	50%	\$913
40 SRO/Studio	60%	60%	\$1,096
21 1 Bedroom	50%	50%	\$979
71 1 Bedroom	60%	60%	\$1,175
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$43,505,344
Construction Costs	\$0
Rehabilitation Costs	\$17,317,291
Construction Hard Cost Contingency	\$1,706,729
Soft Cost Contingency	\$175,000
Relocation	\$1,879,515
Architectural/Engineering	\$687,500
Const. Interest, Perm. Financing	\$3,583,266
Legal Fees	\$270,000
Reserves	\$1,147,861
Other Costs	\$1,318,736
Developer Fee	\$2,650,000
Commercial Costs	\$0
<b>Total</b>	<b>\$74,241,242</b>

**Residential**

Construction Cost Per Square Foot:	\$197
Per Unit Cost:	\$494,942
True Cash Per Unit Cost*:	\$487,275

**Construction Financing**

<u>Source</u>	<u>Amount</u>
Wells Fargo	\$46,645,814
City of Pasadena	\$18,350,000
Existing Reserves	\$2,585,560
Net Operating Income	\$2,518,874
Deferred Developer Fee	\$2,120,000
GP Equity	\$2,019
Tax Credit Equity	\$2,018,975

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
CCRC	\$35,350,522
City of Pasadena	\$11,616,463
Existing Reserves	\$2,585,560
Net Operating Income	\$2,518,874
Deferred Developer Fee	\$1,150,000
Tax Credit Equity	\$21,019,823
<b>TOTAL</b>	<b>\$74,241,242</b>

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

**Determination of Credit Amount(s)**

Requested Eligible Basis (Rehabilitation):	\$25,304,293
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$29,551,916
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$32,895,581
Qualified Basis (Acquisition):	\$29,551,916
Applicable Rate:	3.30%
Maximum Annual Federal Credit, Rehabilitation:	\$1,085,554
Maximum Annual Federal Credit, Acquisition:	\$975,213
Total Maximum Annual Federal Credit:	\$2,060,767
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,650,000
Investor/Consultant:	Wells Fargo Bank
Federal Tax Credit Factor:	\$1.02000

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:	\$54,856,209
Actual Eligible Basis:	\$54,856,209
Unadjusted Threshold Basis Limit:	\$40,772,915
Total Adjusted Threshold Basis Limit:	\$55,043,436

**Adjustments to Basis Limit**

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: 25%

**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 proposed rent does not include a utility allowance. The owner will pay for all utilities.

**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.