

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
April 28, 2021**

Plymouth Place, located at 1320 N. Monroe Street in Stockton, requested and is being recommended for a reservation of \$941,630 in annual federal tax credits to finance the acquisition and rehabilitation of 64 units of housing serving seniors with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Retirement Housing Foundation and is located in Senate District 5 and Assembly District 13.

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

Project Number CA-21-436

Project Name Plymouth Place
Site Address: 1320 N. Monroe Street
Stockton, CA 95203 County: San Joaquin
Census Tract: 4.02

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$941,630	\$0
Recommended:	\$941,630	\$0

Applicant Information

Applicant: Plymouth Place 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): Plymouth Place RHS Housing, LLC
General Partner Type: Nonprofit
Parent Company(ies): Retirement Housing Foundation
Developer: Retirement Housing Foundation
Investor/Consultant: National Affordable Housing Trust
Management Agent: Foundation Property Management

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 1
 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 (64 units-100%)

Bond Information

Issuer: CMFA
 Expected Date of Issuance: August 1, 2021

Information

Housing Type: At-Risk
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 7	11%
50% AMI: 7	11%
60% AMI: 50	78%

Unit Mix

65 1-Bedroom Units
 65 Total Units

<u>Unit Type & Number</u>	<u>2020 Rents Targeted % of Area Median Income</u>	<u>2020 Rents Actual % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
7 1 Bedroom	30%	30%	\$421
7 1 Bedroom	50%	50%	\$703
50 1 Bedroom	60%	60%	\$843
1 1 Bedroom	Manager's Unit	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$9,400,000
Construction Costs	\$0
Rehabilitation Costs	\$6,171,289
Construction Hard Cost Contingency	\$617,129
Soft Cost Contingency	\$220,000
Relocation	\$793,491
Architectural/Engineering	\$587,500
Const. Interest, Perm. Financing	\$1,349,047
Legal Fees	\$260,000
Reserves	\$546,739
Other Costs	\$566,082
Developer Fee	\$2,500,000
Commercial Costs	\$0
Total	\$23,011,277

Residential

Construction Cost Per Square Foot:	\$99
Per Unit Cost:	\$354,020
True Cash Per Unit Cost*:	\$227,154

Construction Financing

Source	Amount
BBVA Loan	\$10,748,059
Seller Carryback Loan	\$8,734,196
Reserves	\$894,442
Deferred Operating Reserve	\$481,739
GP Equity	\$904
Deferred Developer Fee	\$1,700,000
Tax Credit Equity	\$451,937

Permanent Financing

Source	Amount
BBVA Loan	\$4,830,921
Seller Carryback Loan	\$8,246,266
Reserves	\$894,442
Tax Credit Equity	\$9,039,648
TOTAL	\$23,011,277

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$10,482,694
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$9,913,250
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$13,627,502
Qualified Basis (Acquisition):	\$9,913,250
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$545,100
Maximum Annual Federal Credit, Acquisition:	\$396,530
Total Maximum Annual Federal Credit:	\$941,630
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	National Affordable Housing Trust
Federal Tax Credit Factor:	\$0.96000

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:	\$20,395,944
Actual Eligible Basis:	\$20,395,944
Unadjusted Threshold Basis Limit:	\$17,846,725
Total Adjusted Threshold Basis Limit:	\$24,985,416

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: 10%
- 55-Year Use/Affordability Restriction – 2% for Each 1% of Low-Income and Market Rate Units are Income Targeted at 35% AMI or Below: 20%

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 4.00% 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: 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.

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.

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.