# GAAMHA Gardner Case Study

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## *Project Background*

The building at 297-301 Central Street, Gardner, Massachusetts (the "building") is a classic Revival Style 10,000 square foot structure built in 1898, consisting of 3 floors plus a partial basement. Ganek Architects designed the project, bringing their expertise of over 25 years of high level service and success from previous projects of all sizes and types. The general contractor for this project, M.C. Andrews Co., provides dedication to quality and customer satisfaction, earning them a unique reputation in the construction industry. The building is steps from public transportation and municipal parking. The building has 6 units per floor, for a total of 12 modern studio apartments of around 400 sq. feet each. The completed apartments provide sober housing to individuals that have completed a rehabilitation treatment program, are in recovery and transitioning into independent living. This project plays an important role in the battle against drug and alcohol abuse in the Commonwealth of Massachusetts.

GAAMHA, Inc. was established in 1967 to provide services to individuals with developmental disabilities in the greater Gardner area. GAAMHA established Pathway House in 1972 to provide residential services for men with substance use disorders. In 1985, GAAMHA Transit was launched to provide transportation services to the individuals served at Pathway House. GAAMHA, Inc. and GAAMHA Transit merged in 1997 (hereafter "GAAMHA"), and in 2000, GAAMHA acquired Coleman Assembly & Packaging, an innovative social business providing full-service assembly and packaging services.

The project had Qualified Rehabilitation Expenditures (QRE's) of $1,800,000, generating a Federal Historic Tax Credit of $360,000 (20% of QRE's). Of this Tax Credit, 99% or $356,400 was allocable to the Investors. The project also generated $240,000 in state tax credits.

## *P&R Tax Credit Equity Fund 2017-R, Limited Partnership*

Two Investors with passive income and a combined federal tax liability of at least $356,400 had been identified and agreed to be a part of the P&R Tax Credit Equity Fund 2017-R, Limited Partnership (the "Limited Partnership"). Once the Limited Partnership had been created and funded, the investor's funds were able to flow through to the separate management entity created where the Developer was a 1% Member and the Limited Partnership a 99% Member. Once funds were received by the separate management entity construction was underway and able to reach placed in service status in 2017, generating both federal and state historic tax credits with a 2017 vintage. This project being placed in service allowed the Tax Credits to flow from the property, to the management entity which the Limited Partnership had 99% ownership of, and back individually to each Investor. The Limited Partnership was made by and between CTG Holdings, LLC as the General Partner and two Investors as the Limited Partners. Within the Limited Partnership, both Investors were contributing a total of $267,300. For their contribution, the Investors received savings of $89,100 towards their federal tax liability. Along with these tax savings, each Investor received $1,403.33 in preferred return cash flow on a quarterly basis. The state tax credit investor received $240,000 in tax credits at a 7% discount.