

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
October 17, 2018
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Ruben Barcelo

Applicant:	California Municipal Finance Authority
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Allocation Amount Requested:	Tax-exempt:	\$18,700,000
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Project Information:	Name:	Dino Papavero Senior Centre Apartments
	Project Address:	16707 Marygold Avenue
	Project City, County, Zip Code:	Fontana, San Bernardino, 92335

Project Sponsor Information:	Name:	EHDOC Dino Papavero Limited Partnership (EHDOC Dino Papavero Charitable LLC)
	Principals:	Steve Protulis
	Property Management Company:	Foundation Property Management, Inc. and Elderly Housing Development & Operations Corporation

Project Financing Information:	Bond Counsel:	Squire Patton Boggs (US) LLP
	Private Placement Purchaser:	Not Applicable
	Cash Flow Permanent Bond:	Not Applicable
	Public Sale:	Credit Enhanced
	Underwriter:	The Sturges Company
	Credit Enhancement Provider:	HUD 221(d)(4) Program
	Rating:	Moody's MIG-1
	TEFRA Noticing Date:	June 22, 2018
	TEFRA Adoption Date:	July 10, 2018

Description of Proposed Project:	State Ceiling Pool:	General
	Total Number of Units:	150
	Manager's Units:	1 Unrestricted
	Type:	Acquisition and Rehabilitation
	Population Served:	Senior Citizens/Special Needs

Dino Papavero Senior Centre Apartments is an existing project located in Fontana on a 3.78-acre site. The single eight-story building consists of 147 restricted rental units, 1 unrestricted manager unit and 2 units at 80% AMI, all of which are 1-bedroom units. Building exterior upgrades include new public entry doors, sliding doors, new cultured stone accent siding, new roof and fresh paint. Interior renovations include floor plan reconfiguration to add a new laundry room and fitness center, remodeled common area bathrooms for ADA compliance, renovated kitchen and serving area, and modernization of both elevators. Individual unit upgrades include new Energystar kitchen appliances, cabinets, countertops and sinks, replacement of bathroom plumbing fixtures, new floor coverings, new LED light fixtures and fresh paint. Fifteen units will be reconfigured to meet ADA accessibility requirements and six units will be reconfigured to include accessible communication features. Site area renovations include new perimeter fencing and repair of concrete walkways and curbs. The work is scheduled to begin January 2019 and be completed August 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 99%

10% (15 units) restricted to 50% or less of area median income households.
89% (132 units) restricted to 60% or less of area median income households.

Unit Mix: 1 bedroom

The proposed project is receiving service amenity points for providing instructor-led education classes and for providing the services of a bona-fide service coordinator.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 31,664,117	
Estimated Hard Costs per Unit:	\$ 48,735	(\$7,310,201 /150 units including mgr. units)
Estimated per Unit Cost:	\$ 211,094	(\$31,664,117 /150 units including mgr. units)
Allocation per Unit:	\$ 124,667	(\$18,700,000 /150 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 127,211	(\$18,700,000 /147 restricted units)

	Construction	Permanent
Sources of Funds:		
Tax-Exempt Bond Proceeds	\$ 18,700,000	\$ 0
Taxable Bond Proceeds (HUD 221(d)4 Insured Loan)	\$ 8,038,300	\$ 8,038,300
LIH Tax Credit Equity	\$ 10,169,110	\$ 10,169,110
Seller Carryback Loan	\$ 12,399,287	\$ 12,399,287
Existing Reserves	\$ 1,057,420	\$ 1,057,420
Total Sources	\$ 50,364,117	\$ 31,664,117

	Uses of Funds:
Land Cost/Acquisition	\$ 16,200,000
Rehabilitation	\$ 7,917,359
Relocation	\$ 125,000
Contractor Overhead & Profit	\$ 584,816
Architectural Fees	\$ 400,000
Survey and Engineering	\$ 25,000
Construction Interest and Fees	\$ 927,767
Permanent Financing	\$ 262,779
Legal Fees	\$ 251,000
Reserves	\$ 745,287
Appraisal	\$ 12,000
Hard Cost Contingency	\$ 855,000
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 588,500
Developer Costs	\$ 2,769,609
Total Uses	\$ 31,664,117

Analyst Comments:

None

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

90 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$18,700,000 in tax-exempt bond allocation on a carryforward basis.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	10
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction or Substantial Renovation	10	10	10
Sustainable Building Methods	10	10	5
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	90