CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 17, 2018

Dino Papavero Senior Centre, located at 16707 Marygold Avenue in Fontana, requested and is being recommended for a reservation of $1,081,820 in annual federal tax credits to finance the acquisition and rehabilitation of 149 units of housing serving seniors with rents affordable to households earning 30-80% of area median income (AMI). The project will be developed by Elderly Housing Development and Operations Corporation and is located in Senate District 20 and Assembly District 47.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Contract.

Project Number	CA-18-783		
Project Name	Dino Papavero Senior Centre		
Site Address:	16707 Marygold Avenue		
	Fontana, CA 92335	County:	San Bernardino
Census Tract:	33.01		

Tax Credit Amounts	**Federal/Annual**	**State/Total**
Requested:	$1,081,820	$0
Recommended:	$1,081,820	$0

Applicant Information

Applicant:	EHDOC Dino Papavero Limited Partnership
Contact:	Steve Protulis
Address:	1580 Sawgrass Corporate Parkway, Suite 100
	Fort Lauderdale, FL 33323
Phone:	954-835-9200
Email:	dmelton@ehdoc.org

General Partner(s) or Principal Owner(s):	EHDOC Dino Papavero Charitable LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Elderly Housing Development and Operations Corp.
Developer:	Elderly Housing Development and Operations Corp.
Investor/Consultant:	R4 Capital LLC
Management Agent:	Elderly Housing Development and Operations Corp.
	Foundation Property Management, Inc.

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% Average Income
Federal Subsidy:	Tax-Exempt / FHA 221(d)(4) / HUD Section 8 Project-based Contract (149 units - 100%)

Bond Information

Issuer:	California Municipal Finance Authority
Expected Date of Issuance:	December 4, 2018

Information

Housing Type:	Seniors
Geographic Area:	Inland Empire Region
TCAC Project Analyst:	Diane SooHoo

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
At or Below 50% AMI:	15	10%
At or Below 60% AMI:	132	89%
At or Below 80% AMI:	2	1%

Unit Mix

150	1-Bedroom Units
150	Total Units

Unit Type & Number		2018 Rents Targeted % of Area Median Income	2018 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
15	1 Bedroom	30%	30%	$379
132	1 Bedroom	60%	60%	$759
2	1 Bedroom	80%	65%	$825
1	1 Bedroom	Manager’s Unit	Manager’s Unit	$0

TCAC-confirmed Projected Lifetime Rent Benefit: $30,658,320

Project Cost Summary at Application

Land and Acquisition	$16,200,000
Construction Costs	$0
Rehabilitation Costs	$8,502,175
Construction Contingency	$855,000
Relocation	$125,000
Architectural/Engineering	$425,000
Const. Interest, Perm. Financing	$1,190,546
Legal Fees, Appraisals	$263,000
Reserves	$745,287
Other Costs	$588,500
Developer Fee	$2,769,609
Commercial Costs	$0
Total	**$31,664,117**

Residential

Construction Cost Per Square Foot:	$109
Per Unit Cost:	$211,094
True Cash Per Unit Cost*:	$128,432

Construction Financing

Source	Amount
CMFA - Tax-Exempt Bonds	$18,700,000
AGM Financial - FHA 221(d)(4)	$8,038,300
Seller Carryback	$12,399,287
Purchased Reserves	$1,057,420
Tax Credit Equity	$10,169,110

Permanent Financing

Source	Amount
AGM Financial - FHA 221(d)(4)	$8,038,300
Seller Carryback	$12,399,287
Purchased Reserves	$1,057,420
Tax Credit Equity	$10,169,110
TOTAL	**$31,664,117**

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

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	$13,219,048
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	$15,985,402
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	$17,184,762
Qualified Basis (Acquisition):	$15,985,402
Applicable Rate:	3.27%
Maximum Annual Federal Credit, Rehabilitation:	$559,097
Maximum Annual Federal Credit, Acquisition:	$522,723
Total Maximum Annual Federal Credit:	$1,081,820
Approved Developer Fee (in Project Cost & Eligible Basis):	$2,769,609
Investor/Consultant:	R4 Capital LLC
Federal Tax Credit Factor:	$0.94000

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:	$29,204,450
Actual Eligible Basis:	$29,204,450
Unadjusted Threshold Basis Limit:	$38,498,700
Total Adjusted Threshold Basis Limit:	$50,048,310

Adjustments to Basis Limit

95% of Upper Floor Units are Elevator-Serviced

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 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 3.27% 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
Pursuant to TCAC Regulation Section 10326(g)(5), general partners and management companies lacking documented experience with Section 42 requirements using the minimum scoring standards of Section 10325(c)(2)(A) and (B) shall be required to complete training as prescribed by TCAC prior to the project placing in service. The general partner, EHDOC Dino Papavero Charitable LLC, and the management company, Elderly Housing Development and Operations Corporation, shall complete training as prescribed by TCAC prior to the project placing in service.

The proposed rents do not include any utility allowance. The owner will pay for all utilities.

Resyndication and Resyndication Transfer Event: None

Local Reviewing Agency
The Local Reviewing Agency, City of Fontana, has completed a site review of this project and strongly supports this project.

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.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

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 provide the tenants with the following service amenities free of charge for a minimum of fifteen (15) years in accordance with the bond allocation from CDLAC. These services may be changed to meet the needs of the tenants upon prior approval from CDLAC and written notification to TCAC:

- Instructor-led educational classes, health and wellness or skill-building classes on-site for a minimum of 84 hours per year
- Contract with a full time equivalent bona fide service coordinator / social worker for a minimum number of hours per year on-site

The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The rehabilitation project commits to improve energy efficiency above the modeled energy consumption of the building(s) by a 15% decrease, based on an estimated annual energy use, in the buildings Home Energy Rating System II (HERS II) post rehabilitation.
- The project commits to having at least 1 building subject to a policy developed by the owner that prohibits smoking in contiguous designated units.