

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 17, 2010
Staff Report
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

Prepared by: Richard Fischer

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$14,575,000

Project Information:
Name: Providence Gardens Senior Apartments
Project Address: 1101 Pine Avenue
Project City, County, Zip Code: Long Beach, Los Angeles, 90813

Project Sponsor Information:
Name: Providence Gardens, L.P. (Providence Housing-PG, LLC; Las Palmas Housing Foundation and Steven L. Doty)
Principals: Steven L. Doty as an Individual and as Managing Member for Providence Housing-PG, LLC; Joseph M. Michaels, Victor Barone, Leslie A. Michaels, Naomi Pines, Lindsay Winter and Karina Ortiz for Las Palmas Housing Foundation

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Underwriter: PNC Bank, N.A./GNMA
Credit Enhancement Provider: PNC Bank, N.A./ GNMA
Private Placement Purchaser: Not Applicable
TEFRA Hearing Date: June 22, 2010

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 198, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Senior Citizens

Description of Public Benefits:
Percent of Restricted Rental Units in the Project: 100%
30% (60 units) restricted to 50% or less of area median income households.
70% (138 units) restricted to 60% or less of area median income households.
Unit Mix: 1 bedroom

Term of Restrictions:
Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 20,671,928	
Estimated Hard Costs per Unit:	\$ 20,360	(\$4,031,324 /198 units)
Estimated per Unit Cost:	\$ 104,404	(\$20,671,928 /198 units)
Allocation per Unit:	\$ 73,611	(\$14,575,000 /198 units)
Allocation per Restricted Rental Unit:	\$ 73,611	(\$14,575,000 /198 restricted units)

Sources of Funds:	<u>Construction</u>	<u>Permanent</u>
Tax-Exempt Bond Proceeds	\$ 14,575,000	\$ 12,835,000
IRP Loan	\$ 0	\$ 1,740,000
Deferred Developer Fee	\$ 2,850,127	\$ 901,079
LIH Tax Credit Equity	\$ 2,601,801	\$ 4,550,219
Other (Project Reserves)	\$ 645,000	\$ 645,000
Total Sources	\$ 20,671,928	\$ 20,671,298

Uses of Funds:	
Acquisition Cost	\$ 10,400,000
Hard Construction Costs	\$ 4,031,324
Contractor Overhead & Profit	\$ 319,338
Developer Fee	\$ 2,181,849
Cost of Issuance	\$ 335,763
Capitalized Interest	\$ 271,625
Other Soft Costs (Marketing, etc.)	\$ 3,132,029
Total Uses	\$ 20,671,928

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: 73 out of 118
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$14,575,000 in tax exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	15	15	10
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	8	8	3
Negative Points	-10	-10	0
Total Points	118	98	73

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.