

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 16, 2020**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Chee Thao Yang*

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<b>Applicant:</b>	Los Angeles County Development Authority
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<b>Allocation Amount Requested:</b>	
<b>Tax-exempt:</b>	\$16,000,000

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<b>Project Information:</b>	
<b>Name:</b>	<b>Sunny Garden Apartments</b>
<b>Project Address:</b>	13712 Sunkist Drive
<b>Project City, County, Zip Code:</b>	La Puente, Los Angeles, 91746

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<b>Project Sponsor Information:</b>	
<b>Name:</b>	Sunny Garden Apartments 2, LP (Sunny Garden GP, LLC; Community Revitalization and Development Corporation)
<b>Principals:</b>	Danielle Curls Bennett for Sunny Garden GP, LLC; David Rutledge for Community Revitalization and Development Corporation
<b>Property Management Company:</b>	FPI Management, Inc.

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<b>Project Financing Information:</b>	
<b>Bond Counsel:</b>	Kutak Rock LLP
<b>Private Placement Purchaser:</b>	Not Applicable
<b>Cash Flow Permanent Bond:</b>	Not Applicable
<b>Public Sale:</b>	Unenhanced
<b>Underwriter:</b>	RBC Capital Markets
<b>Credit Enhancement Provider:</b>	Not Applicable
<b>Rating:</b>	AAA

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<b>Description of Proposed Project:</b>	
<b>State Ceiling Pool:</b>	General
<b>Total Number of Units:</b>	95
<b>Manager's Units:</b>	1 Unrestricted
<b>Type:</b>	Acquisition and Rehabilitation
<b>Population Served:</b>	Senior Citizens

Sunny Garden Apartments is an existing project located in La Puente on a 1.64-acre site. The project consists of 94 restricted rental units and 1 unrestricted manager unit. The project has 94 one-bedroom units and 1 two-bedroom unit for the manager. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of a new roof and repainting of existing buildings. Interior renovations will include upgrades to existing manager's office, community building, laundry facilities and outdoor courtyard. Individual apartment units will be updated with new cabinets, countertops, and a new appliance package. Lastly, common or site area renovations will consist of landscaping, replacement of concrete for path of travel, and resurface and restripe of asphalt. The rehabilitation is expected to begin in January 2021 and be completed in September 2021.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 100%

94% (88 units) restricted to 50% or less of area median income households.

6% (6 units) restricted to 60% or less of area median income households.

**Unit Mix:** 1 bedroom

The proposed project will be receiving service amenity points.

**Income and Rent Restrictions:** 55 years

**Estimated Total Development Cost:** \$ 32,794,840

**Estimated Hard Costs per Unit:** \$ 60,000 (\$5,700,000 /95 units including mgr. unit)

**Estimated per Unit Cost:** \$ 345,209 (\$32,794,840 /95 units including mgr. unit)

**Allocation per Unit:** \$ 168,421 (\$16,000,000 /95 units including mgr. unit)

**Allocation per Restricted Rental Unit:** \$ 170,213 (\$16,000,000 /94 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 16,000,000	\$ 0
LIH Tax Credit Equity	\$ 0	\$ 8,737,304
Developer Equity	\$ 0	\$ 0
Deferred Developer Fee	\$ 0	\$ 1,857,536
Deferred Costs	\$ 3,924,997	\$ 0
NOI During Rehab	\$ 840,000	\$ 1,200,000
Rose Community Capital (FHA 221d4)	\$ 4,000,000	\$ 20,000,000
LACDA Loan	\$ 1,000,000	\$ 1,000,000
Candeur Group	\$ 7,029,843	\$ 0
<b>Total Sources</b>	<b>\$ 32,794,840</b>	<b>\$ 32,794,840</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 18,042,123
Rehabilitation	\$ 6,247,200
Relocation	\$ 27,000
Contractor Overhead & Profit	\$ 342,000
Architectural Fees	\$ 202,676
Survey and Engineering	\$ 15,000
Construction Interest and Fees	\$ 3,034,110
Permanent Financing	\$ 100,000
Legal Fees	\$ 135,000
Reserves	\$ 672,250
Appraisal	\$ 10,000
Hard Cost Contingency	\$ 658,920
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 240,885
Developer Costs	\$ 3,067,676
<b>Total Uses</b>	<b>\$ 32,794,840</b>

**Analyst Comments:**

None

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**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.

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**Total Points:**

130 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$16,000,000 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	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Gross Rents	5	5	5
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	10
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	10
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	10
Negative Points (No Maximum)	-10	-10	0
<b>Total Points</b>	<b>145</b>	<b>125</b>	<b>130</b>