

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**December 21, 2020**  
**Staff Report**  
**REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A**  
**QUALIFIED RESIDENTIAL RENTAL PROJECT**

*Prepared by: Isaac Clark III*

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<b>Applicant:</b>	<b>Housing Authority of the City of San Diego</b>
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<b>Allocation Amount Requested:</b>	<b>Tax-exempt:</b> \$12,150,000
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<b>Project Information:</b>	<b>Name:</b> 2139 El Cajon Blvd
	<b>Project Address:</b> 2139 El Cajon Blvd
	<b>Project City, County, Zip Code:</b> San Diego, San Diego, 92104

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<b>Project Sponsor Information:</b>	<b>Name:</b> Trestle Mississippi, LP (Trestle Mississippi, LLC/National David Allen and Robert Morgan Sole Managers for Trestle Mississippi, LLC/Stephen Margetic, CEO for National Housing MGP LLC
	<b>Principals:</b> Hyder and Company
	<b>Property Management Company:</b> Hyder and Company

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<b>Project Financing Information:</b>	<b>Bond Counsel:</b> Kutak Rock LLP
	<b>Private Placement Purchaser:</b> Citibank, N.A.
	<b>Cash Flow Permanent Bond:</b> Not Applicable
	<b>Public Sale:</b> Not Applicable
	<b>Underwriter:</b> Not Applicable
	<b>Credit Enhancement Provider:</b> Not Applicable
	<b>Rating:</b> Not Applicable

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<b>Description of Proposed Project:</b>	<b>State Ceiling Pool:</b> General
	<b>Total Number of Units:</b> 61
	<b>Manager's Units:</b> 1 Unrestricted
	<b>Type:</b> New Construction
	<b>Population Served:</b> Family

El Cajon Blvd is a new construction project located in San Diego and sits on a 10,674 square foot urban lot. The project consists of 54 restricted rental units, 6 market rate units and 1 unrestricted manager unit. The project will have 24 studio units, 25 one-bedroom units and 12 two-bedroom units. The building will consist of 5 levels of Type III-A wood framing over 1 level Type I concrete podium, with a gross area of 51,200 SF. Exterior renovations will consist of decorative masonry block, concrete and glazing on the ground floor with a mix of stucco and panel siding on the upper floors. Resident-serving common spaces will include a community room with a full kitchen, seating and television area; laundry room; outdoor courtyard with seating; two common balconies, one with a gas grill; and a meeting room that will be used for resident services. The construction is expected to begin February 2021 and be completed in June 2022.

**Description of Public Benefits:**

**Percent of Restricted Rental Units in the Project:** 90%

90% (54 units) restricted to 50% or less of area median income households.

**Unit Mix:** Studio, 1 & 2 bedrooms

The proposed project will be receiving service amenity points.

**Term of Restrictions:**

**Income and Rent Restrictions:** 55 years

**Details of Project Financing:**

<b>Estimated Total Development Cost:</b>	\$ 22,838,857	
<b>Estimated Hard Costs per Unit:</b>	\$ 202,884	(\$12,375,898 /61 units including mgr. unit)
<b>Estimated per Unit Cost:</b>	\$ 374,407	(\$22,838,857 /61 units including mgr. unit)
<b>Allocation per Unit:</b>	\$ 199,180	(\$12,150,000 /61 units including mgr. unit)
<b>Allocation per Restricted Rental Unit:</b>	\$ 225,000	(\$12,150,000 /54 restricted units)

<b>Sources of Funds:</b>	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 12,150,000	\$ 2,580,000
Taxable Bond Proceeds	\$ 0	\$ 4,250,000
LIH Tax Credit Equity	\$ 505,129	\$ 5,501,290
Income from Operatons	\$ 198,293	\$ 198,293
Deferred Developer Fee	\$ 229,274	\$ 229,274
National Housing Corporation (NHC) Loan	\$ 9,276,160	\$ 9,600,000
Accrued Interest on NHC Loan	\$ 480,000	\$ 480,000
<b>Total Sources</b>	<b>\$ 22,838,856</b>	<b>\$ 22,838,857</b>

<b>Uses of Funds:</b>	
Land Cost/Acquisition	\$ 2,180,000
New Construction	\$ 11,849,573
Contractor Overhead & Profit	\$ 526,325
Architectural Fees	\$ 893,900
Survey and Engineering	\$ 115,800
Construction Interest and Fees	\$ 1,690,289
Permanent Financing	\$ 25,000
Legal Fees	\$ 120,000
Reserves	\$ 300,000
Appraisal	\$ 12,500
Hard Cost Contingency	\$ 1,375,296
Other Project Costs	\$ 1,497,837
Developer Costs	\$ 2,252,337
<b>Total Uses</b>	<b>\$ 22,838,857</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:**

120 out of 145 [See Attachment A]

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**Recommendation:**

Staff recommends that the Committee approves \$12,150,000 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
Preservation Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	10
Gross Rents	5	5	5
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	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>120</b>