

**CITY OF DAVIS**  
**2003-2004 COMMUNITY DEVELOPMENT BLOCK GRANT APPLICATION and**  
**2003-2004 HOME INVESTMENT PARTNERSHIPS PROGRAM APPLICATION**

**Tremont Green at El Macero**

**Organization Name:** \_\_\_\_\_

Street Address: 430 F Street, Davis, CA 95616  
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Phone Number: 530-297-1032 \_\_\_\_\_  
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Contact: Hanan Bowman Address: Same Phone: Same  
(Be sure to list the best contact to get information to the organization as quickly as possible.)

**Total Proposal Request: \$ 2,720,347**

(Check one) \_\_\_\_\_ On-going Support      **XXX** New Project

**CDBG Eligible Category: Housing/Special Activities by Sub-recipients**  
(See List A)

**National Objective Compliance/Low and Mod Benefit: Housing**  
(See List B)

**City Council Identified Critical Needs:** (See List C)

- 1) Development of Affordable Housing Units
- 2) Housing for Very-low Income Residents
- 3) Housing for Disabled Residents

PUBLIC SERVICE \_\_\_\_\_ NON-PUBLIC SERVICE **XXX** \_\_\_\_\_

**Beneficiary Information:**

<u>108</u>	Total number of beneficiaries in program
<u>108</u>	Total number of beneficiaries in program served with CDBG funds
<u>100%</u>	Percentage of the CDBG beneficiaries with low/moderate income
<u>\$25,188.40</u>	Cost per CDBG beneficiary (CDBG Request/CDBG Beneficiaries)

**PROJECT NARRATIVE**

**a. Need**

Davis Mutual Housing Association (DMHA) is developing its third affordable housing project, named Tremont Green at El Macero. With the ever increasing need for affordable rental housing in Davis, the development of 36 apartments at Tremont Green will assist with the reduction in rental housing demand. Davis currently has less than a one percent vacancy rate for rental apartments, including market rate apartments. For those needing affordable apartments, including those with Section 8 vouchers from Yolo County Housing Authority, the apartment availability list is even shorter. Local businesses depend upon employees who are able to work varying hours and who are dependable. When employees live in Davis, not needing to commute long distances, employers see a reduction in employee absence or tardiness. Employees are more connected to the community and see their work as a more long term possibility.

The development funding of Tremont Green at El Macero requires the combination of public and private sources:

- ❑ Low Income Housing Tax Credit / Bond (4%)
- ❑ City of Davis loans
- ❑ Federal Home Loan Bank of San Francisco
- ❑ Private construction lending

The development budget requires the commitment of City of Davis funding. Tremont Green at El Macero will not happen without the availability of city loan funds.

**b. Benefit**

Tremont Green at El Macero apartments will be affordable to families earning 50% and 60% of median income for Yolo County as determined by Housing and Urban Development (HUD). In reference to the Critical Needs list in the application’s Section 8:

<b>Critical Need</b>	<b>DMHA Programmatic Response</b>
<b><u>Non-Public Service: Housing</u></b>	
Development of affordable units. Target very low-income, physically, mentally and developmentally disable and elderly residents	Tremont Green at El Macero will be affordable for families earning 50% and 60% of Yolo County median income. Additionally, at least five percent (5%) of all apartments are handicapped accessible. All first floor apartments are handicapped adaptable. DMHA develops one bedroom apartments that are suitable and attractive for senior or elderly residents. We find that seniors enjoy living in a mixed age environment, especially when parents supervise and control their children appropriately.
Transition of adults from homelessness to permanent housing	DMHA will work with Davis Community Meals to market Tremont Green at El Macero for homeless families.
<b><u>Indicators of Highly Rated Preference</u></b>	
Clients are very-low and low income	As noted above, Tremont Green at El Macero will serve families earning from 50% to 60% of Yolo County median income.
Organization leverages a high level of funds from community and other	The development of Tremont Green at El Macero requires the leveraging of state and federal development subsidy funds, including the

private sources	federal and state low income housing tax credits and the private grant or loan funds of the Federal Home Loan Bank of San Francisco. DMHA also seeks grants from private foundations to assist with a high quality of life (e.g., computers from the Beaumont Foundation for ESL classes).
Low “cost-per-beneficiary”	As a non-profit organization, DMHA strives to keep operating costs as low as possible so that residents can receive the highest service for the lowest rents possible. Our annual rental increases (if they occur at all) are less than 4% on average. Additionally, our apartment rent structure within each income category is less than the maximum rent HUD establishes for that category. We set rents at what the budget requires keeping expenses as low as possible.
New programs / new initiatives	DMHA is constantly seeking new ways to serve our client base. We are the only non-profit affordable housing provider that offers residents an interest bearing savings plan that represents their share in the mutual housing association. DMHA is working with the IRS to provide a VITA (volunteer income tax assistant) to educate residents about the Earned Income Credit. This is a new initiative in Davis not available from any other organization.
Collaboration	DMHA remains in close contact with Community Housing Opportunities Corp (CHOC). For example, we are collaborating with CHOC to provide ESL classes for CHOC’s residents in South Davis. CHOC is supporting DMHA’s application to the Beaumont Foundation for Toshiba computers to assist with the ESL and basic education classes. DMHA also collaborates with Davis Community Meals by providing affordable housing opportunities for that organization’s clients. Davis Community Meals, in return, offers on-site classes in parenting skills, anger management, fiscal management, etc.

**c. Other Resources and Collaboration**

The development of affordable housing typically requires accessing a range of federal, state, and local public funds, leveraged with private sources. On the federal level (administered by state and local authorities) these sources of funds are: HUD (HOME, CDBG), IRS (LIHTC/4% and 9% tax credits). On the local level, access to housing trust fund and urban renewal funds are crucial to the project’s success.

**d. Organizational Capacity**

DMHA was incorporated on October 12, 1995. Since that time, the organization has developed two mutual/cooperative affordable housing complexes (Twin Pines and Owendale). Twin Pines was placed into service in December 1998. Thirty-four percent (34%) of the original occupants still reside at Twin Pines. Owendale is in service in March 2003. DMHA’s executive director, Hanan Bowman, has fifteen (15) years of affordable housing development experience (Pennsylvania, Oregon, and California).

The affordable housing that DMHA develops is of course based on the mutual housing model. This is a unique program in Davis that offers residents opportunities to play direct and key roles in the decisions that affect their quality of life and financial stability. For example, residents review and approve the community’s operating budget. Residents understand the importance of their five volunteer hours each month that help to

reduce the operating costs of the complex. The Resident Council is the venue for residents to decide such issues as landscape improvements, play structure, community newsletter, etc.

DMHA's Board of Directors consists of two Twin Pines Community residents and four residents from Davis at large. As the programmatic year continues, Owendale residents will send a representative to join the DMHA Board of Directors. Such will also be the case when Tremont Green comes on line. As a mutual housing association, unique in Davis, DMHA's annual meeting (in June) is an opportunity for residents to review the organization's programmatic and operational budgets, make changes in the Bylaws, and elect new board members. Residents of DMHA communities therefore play key roles in the organizational workings of this non-profit corporation. (Please find attached the list of DMHA Board of Directors).

## **SCOPE OF SERVICES**

### **a. Project Description** (Activity Summary: Describe the activities of the proposed budget)

The activities of the proposed budget conform to the real estate development process. This process includes the cost of construction, architectural and engineering services, loan fees, city planning fees, consultant fees, etc. The proposed budget will therefore directly contribute to the successful completion of the 36 unit Tremont Green at El Macero mutual housing community.

### **b. Target Group**

Tremont Green at El Macero will be marketed to families earning 50% and 60% of Yolo County median income. DMHA will also focus its marketing efforts to lease the apartments to families either living in and/or working in the Davis area. The target group is therefore employees of Davis businesses. As a federal tax credit project, we are not permitted to house full time students unless there are other specific aspects of the family's financial profile. Rather, the target group are working families who will live and earn their livelihood in Davis.

### **c. Outreach**

The marketing of Tremont Green at El Macero, and the outreach to other social service agencies whose clients will be potential residents, will, as noted above, focus on the current employees of Davis and Davis residents. We recognize that federal Fair Housing law prevents geographic restrictions to reach prospective residents. With that said, however, our outreach to prospective clients will certainly focus on the Davis area.

**TIMELINE**

**Work Plan** (Identify activities and completion dates)

List Activity

Completion Date

<b><u>Project-related Activities (Tremont Green at El Macero)</u></b>	
Plans submitted to city for plan check and building permit	Jan 03 – April 03
Confirm limited partner and begin process of forming limited partnership	Feb 03 – April 03
Confirm term financing (mortgage)	March 03
Arrange construction financing, including application for federal tax credit bond financing (April 03)	March 03 – April 03
Construction financing finalized, including formation of limited partnership (use of low income housing tax credit/bond financing)	May 03
Building permit issued	May 03
Construction bidding process for general contractor	May 03 – June 03
Construction start	July 03
Construction completion	Sept 04
Resident occupancy	Oct 04

**CITY OF DAVIS  
 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

**CAPITAL PROJECT BUDGET SUMMARY\***

		<b>Total Cost</b>	<b>CDBG/ HOME</b>	<b>Other</b>	<b>Total</b>
<i>ACQUISITION</i>					
	Total Land Cost or Value	343,000	-	343,000	343,000
	Legal/Broker Fees	-		-	-
	Off-Site Improvements	37,000	-	37,000	37,000
	Demolition	-		-	-
	Existing Improvements Value	-		-	-
	Other	-		-	-
	<b>Total Acquisition Cost</b>	380,000	-	380,000	380,000
<i>REHABILITATION</i>					
	Site Work	-			
	Structures	-			
	General Requirements	-			
	Contractor Overhead	-			
	Contractor Profit	-			
	Other	-			
	Other	-			
	<b>Total Rehab. Costs</b>	-			
<i>NEW CONSTRUCTION</i>					
	Site Work	668,687	-		
	Structures	3,274,196	2,720,347	553,849	3,274,196
	General Requirements	216,859	-	216,859	216,859
	Contractor Overhead & Profit	103,993	-	103,993	103,993
	Contractor Profit	103,993	-	103,993	103,993

	Furnishings	15,000	-	15,000	15,000
	Insurance & Bonds	67,000	-	67,000	67,000
	other	-	-	-	-
	<b>Total New Const. Costs</b>	4,449,728	2,720,347	1,729,381	4,449,728
<b>ARCHITECTURAL FEES</b>					
	Design	185,000	-		
	Supervision	35,000	-		
	<b>Total Architectural Costs</b>	220,000	-		
	<b>SURVEY &amp; ENGINEERING</b>	6,000	-		
<b>CONST. INTEREST &amp; FEES</b>					
	Const. Loan Interest	135,000	-	135,000	135,000
	Construction Loan Fee	36,000	-	36,000	36,000
	Predevelopment Loan Interest	22,375	-	22,375	22,375
	Other	-	-	-	-
	Taxes	10,000	-	10,000	10,000
	Other	-	-	-	-
	Title and Recording	14,000	-	14,000	14,000
	Construction Inspection Fees	22,500	-	22,500	22,500
	Legal	10,000	-	10,000	10,000
	<b>Total Const. Interest &amp; Fees</b>	249,875	-	249,875	249,875
<b>PERMANENT FINANCING</b>					
	Commitment Fee	36,200	-	36,200	36,200
	Finance Fee	8,750	-	8,750	8,750
	Application Fee	500	-	500	500
	Title and Recording	7,500	-	7,500	7,500
	Other		-	-	-

	Legal	5,000	-	5,000	5,000
	CHFA Bridge Loan Interest	112,933	-	112,933	112,933
		-		-	-
	Risk-Share Environmental Reviews	-		-	-
	Other	-		-	-
	<b>Total Perm. Financing Costs</b>	170,883	-	170,883	170,883
<i>LEGAL FEES</i>					
	Borrower Legal Fee	65,000	-	65,000	65,000
	Other	-	-	-	-
	Other	-	-	-	-
	<b>Total Attorney Costs</b>	65,000	-	65,000	65,000
<i>RESERVES</i>					
	Rent up reserve	44,500	-	44,500	44,500
	Marketing reserve	29,364	-	29,364	29,364
	Operating Expense reserve	29,364	-	29,364	29,364
	LOC Expenses	10,000	-	10,000	10,000
	Other	-	-	-	-
	<b>Total Reserve Costs</b>	113,228	-	113,228	113,228
<i>CONTRACT COSTS</i>					
	<b>Appraisal</b>	10,000	-	10,000	10,000
	<b>Market Study</b>	5,000	-	5,000	5,000
	<b>PNA</b>	-	-	-	-
	<b>Total Contract Costs</b>	15,000	-	15,000	15,000
<i>CONTINGENCY</i>					
	Hard Cost Contingency	222,486		222,486	222,486
	Soft Cost Contingency	55,920	-	55,920	55,920
	<b>Total Contingency Costs</b>	278,406	-	278,406	278,406

<i>OTHER</i>					
	TCAC App/Alloc/Monitor Fees	25,769	-	25,769	25,769
	Environmental Audit	9,000	-	9,000	9,000
	Permit Processing Fees	135,000	-	135,000	135,000
	Local Dev. Impact Fees	400,000	-	400,000	400,000
	Soils Report	5,000	-	5,000	5,000
		-	-	-	-
	Post Construction Audit	9,000	-	9,000	9,000
	Other	-	-	-	-
	<b>Total Other Costs</b>	<b>583,769</b>	<b>-</b>	<b>583,769</b>	<b>583,769</b>
			-	-	-
	<b>PROJECT COSTS</b>	<b>6,531,889</b>	<b>-</b>	<b>6,531,889</b>	<b>6,531,889</b>
<i>DEVELOPER COSTS</i>					
	Developer Overhead/Profit	215,000	-	215,000	215,000
	Consultant	215,000	-	215,000	215,000
	Project Administration	-	-	-	-
	Consultant/Processing Agent	-	-	-	-
	<b>Total Developer Costs</b>	<b>430,000</b>	<b>-</b>	<b>430,000</b>	<b>430,000</b>
			-	-	-
	<b>TOTAL PROJECT COST</b>	<b><u>6,961,889</u></b>	<b><u>2,720,347</u></b>	<b><u>4,241,542</u></b>	<b><u>6,961,889</u></b>

\* Please revise this form and annotate budget items as needed