

CITY OF DAVIS
2003-2004 CDBG/HOME APPLICANT QUESTIONS WITH RESPONSES

Name of Organization: Davis Mutual Housing Association

Project Title: CDBG/HOME Tremont Green and Moore Village

1) What applications for leveraged funding are currently pending and when is an answer expected from the state?

The key remaining funding sources for the two projects are a commitment of permanent financing from the California Housing Finance Agency (CalHFA) and an allocation of tax exempt bonding authority from the California Debt Limit Allocation Committee (CDLAC).

CalHFA is scheduled to approve the Moore Village loan (\$4,895,000) at its Board meeting on 3/20/03. The Tremont Green loan (\$3,620,000) is scheduled to receive CalHFA approval in early April (loans less than \$4 million are approved by CalHFA staff and do not require Board approval). CalHFA has already disbursed \$250,000 in predevelopment financing to each of the projects and is clearly expecting to issue these permanent loan commitments as well.

On DMHA's behalf, as the issuer of the tax-exempt bonds from which the permanent financing is derived, CalHFA will submit application to CDLAC for the two projects on 4/16/03 and CDLAC will announce its awards at its meeting on 6/25/03. The CDLAC application process is competitive in structure, but the two projects are expected to comfortably score within the range of success.

Along with the CDLAC allocation comes an automatic award of 4% federal low-income housing tax credits, which will provide a portion of the permanent financing as well. So by 6/25/03, DMHA should have all of its project financing in place.

2) Is the current state funding crisis expected to have an impact on pending tax credit and/or loan applications?

No. The CDLAC allocation is for federal tax-exempt bonding authority, which has already been allocated to the state of California and can not be used to address the state's budget shortfall.

3) It is likely that total CDBG, HOME, Redevelopment and Housing Trust Funds available during 2003-2004 will not total what is needed for both Tremont Green and Moore Village. Which project should proceed first?

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Tremont Green obtained its design review and final planned development approvals in the fall of 2002, and subsequently proceeded with the creation of architectural drawings, which were submitted to the City Building Inspection Division for plan check; DMHA is hoping to have a building permit issued by the city later this spring. Moore Village is scheduled to obtain its design review approval on 3/18/03 and will thereafter be following in the path of Tremont Green. So clearly Tremont Green is ready to proceed first.

4) Is there a "bottom line" level of funding to keep the project moving, but not under construction in 2003-2004?

Prior to construction start on Tremont Green, we will still need to expend \$65,000 for predevelopment expenses (architecture, engineering, predevelopment loan interest, TCAC fees, and consulting). Additionally just prior to construction loan closing, which is planned for September 2003, we will need to pay city fees due at building permit issuance, amounting to approximately \$200,000. So we need \$265,000 in CDBG/HOME funds committed from this 2003-2004 program year for Tremont Green.

For Moore Village, we still have substantial predevelopment expenses ahead (primarily architecture and engineering, but also predevelopment loan interest, TCAC fees, city fees and consulting); these amount to \$226,000. Also before the building permit is issued, again just prior to construction loan closing, we will need to pay city fees amounting to approximately \$325,000. So we need a total commitment of \$551,000 in CDBG/HOME funds committed from this 2003-2004 program year for Moore Village.

Thus, a grand total of \$816,000 in 2003-2004 CDBG/HOME funding is required.