

**CITY OF DAVIS**  
**2005-2006 COMMUNITY DEVELOPMENT BLOCK GRANT APPLICATION**

**Organization Name:** Community Housing Opportunities Corporation

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(Be sure to list the best contact to get information to the organization as quickly as possible.)

**Total Proposal Request:** \$ 69,787 Mace Ranch III Land Trust

(Check one)  On-going Support  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 Units

PUBLIC SERVICE

NON-PUBLIC SERVICE

**Beneficiary Information:**

97 Total number of beneficiaries in program (21 households/ 3 - 5 persons per household)

97 Total number of beneficiaries in program served with CDBG funds

100% Percentage of the CDBG beneficiaries with low/moderate income

\$719.45 Cost per CDBG beneficiary (CDBG Request/CDBG Beneficiaries)

## PROJECT NARRATIVE

### **a. Need**

Median home prices in Davis are now in excess of \$450,000. Over the past year, two of the major focuses of the City's affordable housing policy discussions have been: 1) creating a broader band of affordable homeownership opportunities in the City – from the previously established low- and moderate-income inclusionary requirements to the City's newly adopted middle-income inclusionary requirements and 2) developing “appropriate mechanisms to assure recapture of ... subsidies and... appreciated value” of inclusionary for-sale “housing and the land on which it is located” to meet long-term affordability and recapture objectives. In September, 2004 CHOC responded to a City RFP for development of a land trust homeownership project on the Mace Ranch III land dedication site with the dual objectives of providing homeownership with permanent affordability and creating homeownership opportunities for low-income buyers. The City Council awarded the Mace Ranch III site to CHOC.

### **b. Benefit**

Development of the proposed community land trust project will offer an alternative homeownership model that is affordable to low-income families who are otherwise unable to purchase homes in Davis. The Mace Ranch land trust development will offer ownership opportunities to families with incomes below \$50,000. Based on the demographics of prospective buyers on the waiting list that CHOC manages for the Greene Terrace condominiums, there are “ready, willing and able” buyers in Davis who would be eligible beneficiaries of the Mace Ranch land trust development. They are buyers who live and/or work in Davis and are paying rents that are the equivalent of the projected mortgage payments for a home in the Mace Ranch land trust.

### **c. Other Resources and Collaboration**

Downpayment assistance for buyers will be available through the CalHOME program. This development will also be eligible under the State's BEGIN downpayment assistance program for first-time homebuyers. The development of a community land trust will include the creation of a governing board with community representation. Beneficiary members (land trust homeowners) will ultimately participate on the Board. Their representation will be in a minority role to ensure against self-interested decision-making.

### **d. Organizational Capacity**

Since its establishment in 1984, CHOC has developed housing projects totaling more than 1,100 multi-family units and 74 single-family homes in Davis, Sacramento, Woodland, West Sacramento and Fairfield. CHOC has a core staff of 17 plus 38 full-time and part-time site-based property management, maintenance and resident services employees at our multi-family properties. CHOC is a contractor with the City of Davis to implement the City's right-of-first refusal on re-sales at Greene Terrace condominiums. CHOC is also an Administrative Subcontractor to the City of Winters operating that city's HOME first-time buyer downpayment assistance program.

## SCOPE OF SERVICES

**Project Description**

With its goal of creating new models of providing and sustaining affordable home ownership in Davis, the City is addressing a challenge that high cost housing markets across the State are facing. Land trusts have been used on a small scale in California and more widely in other States, notably Oregon and Massachusetts. By separating the land interests from the homes, the future appreciation in value for the owners will be limited to the appreciation on the structures – the houses. Appreciation in the land value accrues to the land trust and is not to be reflected in the resale prices of the homes.

CHOC will establish a Davis land trust which will retain title to the Mace Ranch III land dedication. The site will be subdivided into 21 lots. A mix of detached and half-plex homes will be developed. Home buyers will purchase the homes and enter into a ground lease of the land with the land trust. As a land dedication, housing built on the site is also subject to low- and very low-income permanent affordability covenants.

The projected purchase prices (before credit for any downpayment assistance subsidies) will be \$176,000 for 2-bedroom homes and \$218,000 for 3-bedroom homes, comparable to current sales prices for 2- and 3-bedroom attached units at Greene Terrace. The average subsidy per buyer for Mace Ranch III homes affordable at 80% of area median income will be \$65,000. If half of the homes are more deeply targeted and made available to buyers at 65% of AMI, the average per unit subsidies will increase to \$80,000.

**b. Target Group**

<b>PROJECT/ACTIVITY</b>	<b># HOUSEHOLDS</b>	<b>INCOME LEVEL</b>
Home ownership	21	80%
Total	21	

**c. Outreach**

- Home Ownership – CHOC will establish a community land trust with recruitment of a Board of Directors with diverse community representation. CHOC will seek out representation from the neighborhood proximate to the Mace Ranch III site, membership including prospective CLT homebuyers and community members with an understanding of affordable housing issues. CHOC will develop a marketing plan that will prioritize buyers who work in Davis.

**2005-06 CDBG  
WORK PLAN**

List Activity

Completion Date

Conduct community meetings	March 2006
Secure entitlements	June 2006
Form initial land trust Board	June 2006
Apply for construction financing	June 2006

**PERFORMANCE MEASUREMENTS**

<p align="center"><b>ACTIVITY</b> (What the program does to fulfill its mission)</p>	<p align="center"><b>INDICATOR</b> (The direct products of program activities)  Service #s</p>	<p align="center"><b>OUTCOME</b> (Benefits that result from the program)</p>
<p><b>Develop homes affordable to low-income households; ensure long-term affordability</b></p>	<p><b>21 low-income families will be able to attain affordable home ownership</b></p>	<p><b>Sustainable, long-term affordable home-ownership; Home-ownership opportunities at 50% of fair market value</b></p>