

CITY OF DAVIS
2006-2007 HOME INVESTMENT PARTNERSHIPS PROGRAM APPLICATION

Organization Name: Davis Community Meals, Inc.

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

Total Proposal Request: \$275,000

Is the applicant claiming status as a Non-Profit Community Housing Development Organization (CHDO)?

_____ Yes X No

HOME Eligible Activities Category: Rental Housing Development
(See List A)

National Objective Compliance/Low and Mod Benefit: 35%, 50%, 60% of median income
(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

Beneficiary Information:

 53 Total number of beneficiaries in proposed project
 53 Number of beneficiaries in proposed project to be served with **HOME** funds
100% Percentage of the **HOME** beneficiaries with low, low/moderate income
\$5,189 Cost per **HOME** beneficiary (HOME Request/HOME Beneficiaries)

PROJECT NARRATIVE

a. Need

In July of 2005, the Davis City Council approved Cesar Chavez Plaza. This HOME application is to provide a \$275,000 portion of development costs from 2006-2007 HOME funding.

The Cesar Chavez Plaza project is a 53-unit affordable housing project that received zoning approval for construction on Olive Drive. It will include 19 units for disabled households at 25% of the median income, 13 units for households at 50% and 20 units at 60% and one manager's unit. The need for affordable one bedroom units for households in Davis is acute. In general there is a shortage of one bedroom apartments, and the competition from graduate students and other single and double person households makes it very expensive for a low income household to afford a place to live.

The UCD Vacancy Study for 2005 shows that 1 bedroom units at 3.4% have the lowest vacancy of any unit type in Davis. The study also shows that the rent increases from 2004-05 in one bedroom units at 2.56% is the highest of any unit type in Davis. The average rent for a one bedroom unit is now at \$840. Cesar Chavez Plaza will be competing with an average market rent that will be increased twice (2006 and 2007) and at 3% per year will be at \$890 per month.

Even with the construction in recent years of Tremont Green and Moore Village, there is still a shortage of available units. Both of those apartment complexes are not on bus routes, so Cesar Chavez Plaza is a much more efficient location for low-income households. By the time that this project is ready for occupancy, expected to be fall 2007, the need will be even more critical.

b. Benefit

These affordable housing units will provide the first one bedroom units in downtown Davis, much needed housing for low-income households. No affordable one bedroom units have been built in the downtown area. Cesar Chavez Plaza is served by over 100 buses a day which stop at the corner of Olive Drive and Richards Blvd. Having close by access to regular transportation will allow low and very low-income residents at Cesar Chavez Plaza to have regular and dependable transportation access to more job opportunities, especially part time jobs. Many people working in downtown businesses are minimum wage workers who need every penny of savings they retain from having below-market rents. In particular the units for the disabled population at \$223 per month are extremely affordable, and will be supplemented by a social services coordinator. The coordinator can assist disabled residents obtain transportation, social services, mental health counseling, legal and accounting assistance and other services appropriate for their needs.

c. Other Resources and Collaboration

This request for \$275,000 will be leveraged by \$9,807,970 in funding from other sources. These include the HCD Multifamily Housing Program (\$3,390,026), the National Equity Fund (\$5,175,944), the California Housing Finance Agency (\$765,000), and the Federal Home Loan Bank of San Francisco Affordable Housing Program (\$477,000). The project will have a full-time on-site supportive services coordinator, whose responsibility is to work with residents to obtain the assistance they need to continue to live independently; extensive collaboration with Yolo County, the City of Davis and local nonprofit service providers is anticipated.

d. Organizational Capacity

Cesar Chavez Plaza is a partnership made up of three general partners: Davis Community Meals, New Hope Community Development Corporation, (a nonprofit tax exempt subsidiary of the Yolo County Housing Authority) and Neighborhood Partners, LLC. The partners' goal is to provide affordable housing that is accessible to low and very low-income households. Cesar Chavez Plaza intends to involve the residents in a Resident Council. This will help promote many types of volunteer self-help activities among the residents, which will save on operating costs and therefore allow the complex to offer additional services and activities.

Davis Community Meals has been in operation for many years in Davis. It runs a meals program, homeless shelter and resource center. David Thompson and Luke Watkins, the principals of Neighborhood Partners, LLC have significant experience developing affordable housing in Davis. The Yolo County Housing Authority operates 717 affordable rental housing units, and has existed for more than 50 years.

SCOPE OF SERVICES

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

This \$275,000 will be used to pay for project development expenses, including architecture, engineering, loan commitment fees and interest, insurance, accounting, city planning and building permit fees, property taxes and building construction materials and labor.

b. Target Group

Cesar Chavez Plaza will provide 52 one bedroom units, including 19 units for disabled households at 25% of the median income, 13 units for households at 50%, 20 units for households at 60% and one two bedroom manager's unit.

c. Outreach

The project will be managed by the John Stewart Company (JSCo) a professional property management agent which is the largest manager of nonprofit housing in California. JSCo manages a number of projects catering to special needs populations. JSCo has extensive experience in Davis with carrying out affirmative fair housing marketing plans. JSCo did this type of work in marketing Moore Village, Tremont Green, Owendale and Twin Pines. This outreach will include communicating with social services agencies that serve low and very low-income individuals. Additional outreach will be carried out using local print and broadcast media that serve the Davis area. These materials will be available in Spanish and English.

PERFORMANCE SCHEDULE

Work Plan (Identify activities and completion dates)

<u>List Activity</u>	<u>Completion Date</u>
Zoning approval	July 2005
Approval of HCD MHP financing commitment	October 2004
Completion of architectural and engineering documents	September 2005
Approval of FHLB AHP financing commitment	December 2005
Approval of National Equity Fund commitment	March 2006
Application to TCAC for tax credits	January 2006
Approval of CalHFA financing commitment	October 2005
Approval from TCAC for tax credits	March 2006
Issuance of building permit	March, 2006
Construction start	June 2006
Construction Completion and initial occupancy	July 2007

PERFORMANCE MEASUREMENTS

ACTIVITY (What the program does to fulfill its mission)	INDICATOR (The direct products of program activities) Service #s	OUTCOME (Benefits that result from the program)
Obtaining financing commitments	\$9,807,970 in leveraged funding	Ability to finance the project
Preparation of architectural construction documents	Issuance of city building permit	Ability to begin construction of the project
Construction of the project	53 units of rental housing	Housing for 53 households
Initial occupancy of project	Fully rented up project	Affordable rents

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HOME INVESTMENT PARTNERSHIPS PROGRAM**

BUDGET SUMMARY FOR PROPOSED CAPITAL PROJECT*

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

Please see attached Sources and Uses of Funds budget spreadsheet for the project.

As an alternative to 2006-2007 HOME funding, we could of course accept funding from another City funding source. One alternative is for the City to provide a \$275,000 loan in the form of an impact fee deferral for 55 years for a \$275,000 portion of the impact fees due for the project. This \$275,000 deferral would reduce the impact fees to be paid at occupancy from the current City estimate of \$639,869 (Mike Webb, 2/1/06).

As a condition of the fee deferral loan, the project owners would agree to apply annually for a replacement City source of funding the \$275,000 loan amount. In a future year when the City had available HOME, CDBG, Housing Trust Fund or Redevelopment Agency funding, then the City could replace the fee deferral loan with a City loan from that other source.

Sources and Uses of Funds

Cesar Chavez Plaza

04-030

2/15/2006

SOURCES OF FUNDS:	Funds in during	Funds in at	Total Development Sources		
	Construction (\$)	Permanent (\$)	Total Sources of Funds (\$)	Sources per Unit	%
CalHFA Construction Financing	7,000,000				
Construction Only Source 2	-				
Construction Only Source 3	-				
CalHFA First Mortgage		765,000	765,000	14,434	7%
CalHFA Second Mortgage		-	-	-	0%
HCD MHP	-	2,890,026	2,890,026	54,529	26%
HCD NSSS	-	500,000	500,000	9,434	5%
City of Davis	275,000	-	275,000	5,189	3%
Developer Contr. For Soc. Serv. Reserve	-	247,500	247,500	4,670	2%
Estimated Value Engineering Savings	170,000	-	170,000	3,208	2%
Source 7	-	-	-	-	0%
Source 8	-	-	-	-	0%
Source 9	-	-	-	-	0%
Source 10	-	-	-	-	0%
Source 11	-	-	-	-	0%
AHP Loan	477,000	-	477,000	9,000	4%
Income from Operations	-	-	-	-	0%
Developer Contribution	-	-	-	-	0%
Deferred Developer Fee	-	427,500	427,500	8,066	4%
Tax Credit Equity	1,404,256	3,771,688	5,175,944	97,659	47%
Total Sources	9,326,256	8,601,714	10,927,970	206,188	100%
(Gap)/Surplus	-	0	0		

USES OF FUNDS:	Construction (\$)	Permanent (\$)	Total Development Costs		
			Total Uses of Funds (\$)	Cost per Unit	%
<u>LOAN PAYOFFS & ROLLOVERS</u>					
Construction Loan payoffs		\$7,000,000			
<u>ACQUISITION</u>					
Lesser of Land Cost or Value	-	-	-	-	0%
Demolition	-	-	-	-	0%
Legal - Acquisition Related Fees	-	-	-	-	0%
Subtotal - Land Cost / Value	-	-	-	-	
Existing Improvements Value	-	-	-	-	0%
Off-Site Improvements	-	-	-	-	0%
Other	-	-	-	-	0%
Total Acquisition	-	-	-	-	0%
<u>REHABILITATION</u>					
Site Work	-	-	-	-	0%
Rehab to Structures	-	-	-	-	0%
General Requirements	-	-	-	-	0%
Contractors Overhead	-	-	-	-	0%
Contractors Profit	-	-	-	-	0%
Contractor's Bond	-	-	-	-	0%
General Liability Insurance	-	-	-	-	0%
Environmental Mitigation Expense	-	-	-	-	0%
Other	-	-	-	-	0%
Other	-	-	-	-	0%
Total Rehabilitation	-	-	-	-	0%
<u>RELOCATION EXPENSES</u>					
Relocation Expense	-	-	-	-	0%
Relocation Compliance Monitoring	-	-	-	-	0%
Total Relocation	-	-	-	-	0%

(Continued on Next 2 Pages)

USES OF FUNDS (Cont'd):	Construction (\$)	Permanent (\$)	Total Development Costs		
			Total Uses of Funds (\$)	Cost per Unit	%
<u>NEW CONSTRUCTION</u>					
Construction Contract Amount	6,044,200		6,044,200	114,042	55%
Joint Trench/PG&E Fees	70,000	-	70,000	1,321	1%
	-	-	-	-	0%
	-	-	-	-	0%
	-	-	-	-	0%
	-	-	-	-	0%
	-	-	-	-	0%
	-	-	-	-	0%
Total New Construction	6,114,200	-	6,114,200	115,362	56%
<u>ARCHITECTURAL & ENGINEERING</u>					
Architectural Design	310,000	-	310,000	5,849	3%
Architect's Supv during Construction	30,000	-	30,000	566	0%
Total Architectural	340,000	-	340,000	6,415	3%
Engineering Expense	35,000	-	35,000	660	0%
Engineers Supv. during Construction	10,000	-	10,000	189	0%
ALTA Survey	7,000	-	7,000	132	0%
Total Engineering & Survey	52,000	-	52,000	981	0%
<u>CONSTRUCTION LOAN COSTS</u>					
Construction Loan Interest	367,453	-	367,453	6,933	3%
CalHFA Construction Loan Fee	52,500	-	52,500	991	0%
Other Construction Loan Fees	-	-	-	-	0%
CalHFA Outside Legal Counsel Fees	20,000	-	20,000	377	0%
Other Lender Req'd Legal Fees	-	-	-	-	0%
Title and Recording fees	25,000	-	25,000	472	0%
CalHFA Req'd Inspection Fees	27,000	-	27,000	509	0%
Other Req'd Inspection Fees	-	-	-	-	0%
Prevailing Wage Monitoring Expense	10,000	-	10,000	189	0%
Taxes & Insurance during construction	175,000	-	175,000	3,302	2%
Predevelopment Interest	50,000	-	50,000	943	0%
Other Legal Fees	10,000	-	10,000	189	0%
Other	-	-	-	-	0%
Total Construction Loan Expense	736,953	-	736,953	13,905	7%
<u>PERMANENT LOAN COSTS</u>					
CalHFA Perm Loan Fees	3,825	-	3,825	72	0%
CalHFA Bridge Loan Fees	-	-	-	-	0%
CalHFA Loan Application Fee	500	-	500	9	0%
Other Lender Perm. Loan Fees	-	-	-	-	0%
Title and Recording	-	10,000	10,000	189	0%
Perm. Bridge Loan Interest Expense	-	212,069	212,069	4,001	2%
Bond Origination Guarantee Fee	-	-	-	-	0%
Tax Exempt Bond Allocation Fee	600	-	600	11	0%
Other	-	-	-	-	0%
Total Permanent Loan Expense	4,925	222,069	226,994	4,283	2%
<u>LEGAL FEES</u>					
Borrower Legal Fee	80,000	-	80,000	1,509	1%
Other	-	-	-	-	0%
Total Attorney Expense	80,000	-	80,000	1,509	1%

USES OF FUNDS (Cont'd):	Construction (\$)	Permanent (\$)	Total Development Costs		
			Total Uses of Funds (\$)	Cost per Unit	%
<u>CONTRACT / REPORT COSTS</u>					
Appraisal	9,400	-	9,400	177	0%
Market Study	5,685	-	5,685	107	0%
Physical Needs Assessment	-	-	-	-	0%
HUD Risk Share Environ. Review	-	-	-	-	0%
CalHFA EQ Waiver Seismic Review Fee	700	-	700	13	0%
Environmental Phase I / II Reports	2,500	-	2,500	47	0%
Soils / Geotech Reports	10,000	-	10,000	189	0%
Asbestos / Lead-based Paint Report	-	-	-	-	0%
Noise/Acoustical/Traffic Study Report	840	-	840	16	0%
Cost of Updating Reports at Closing	3,000	-	3,000	57	0%
Other	-	-	-	-	0%
Total Contract Costs	32,125	-	32,125	606	0%
<u>CONTINGENCY</u>					
Hard Cost Contingency	604,420	-	604,420	11,404	6%
Soft Cost Contingency	79,033	-	79,033	1,491	1%
Total Contingency	683,453	-	683,453	12,895	6%
<u>RESERVES</u>					
CalHFA Operating Expense Reserve	-	26,931	26,931	508	0%
Capitalized Replacement Reserve	-	152,375	152,375	2,875	1%
Rent-Up Reserve	-	-	-	-	0%
HCD Required Operating Reserve	-	31,519	31,519	595	0%
Capitalized Svcs. Coordinator Reserve	-	247,500	247,500	4,670	2%
Total Reserves	-	458,325	458,325	8,648	4%
<u>OTHER</u>					
CTCAC App/Alloc/Monitor Fees	6,600	21,320	27,920	527	0%
Local Permit Fees	160,000	-	160,000	3,019	1%
Local Development Impact Fees	730,000	-	730,000	13,774	7%
Other Local Fees	-	-	-	-	0%
Advertising & Marketing Expenses	26,000	-	26,000	491	0%
1st Year Taxes & Insurance	20,000	-	20,000	377	0%
Furnishings	30,000	-	30,000	566	0%
Final Cost Audit Expense	10,000	-	10,000	189	0%
Miscellaneous Admin Fees	-	-	-	-	0%
Other	-	-	-	-	0%
Other	-	-	-	-	0%
Other	-	-	-	-	0%
Total Other Expenses	982,600	21,320	1,003,920	18,942	9%
SUBTOTAL PROJECT COSTS	9,026,256	7,701,714	9,727,970	183,547	89%
<u>DEVELOPER COSTS</u>					
Developer Overhead/Profit (5% Acq.)	-	-	-	-	0%
Developer Overhead/Profit (NC/Rehab)	300,000	900,000	1,200,000	22,642	11%
Consultant / Processing Agent	-	-	-	-	0%
Project Administration	-	-	-	-	0%
Broker Fees to a related party	-	-	-	-	0%
Construction Mgmt. Oversight	-	-	-	-	0%
Other	-	-	-	-	0%
Total Developer Fee / Costs	300,000	900,000	1,200,000	22,642	11%
Total Costs	9,326,256	8,601,714	10,927,970	206,188	100%