

## 2009 – 2010 CDBG/HOME APPLICANT QUESTIONS AND RESPONSES

**Name of Organization:** CHOC/Mace Parke Community Land Trust

**Project Title:**

1. What steps have been taken to reduce overall project costs?

**CHOC is confident that there will be significant savings from competitive construction pricing through an upcoming bid solicitation. CHOC is currently preparing a RFP package which will be available mid March to contractors with updated bids prior to the City Council Meeting in April.**

2. Why does the budget include in each section a contractor's fee (5%) and overhead and profit, in addition to the project developer fee and construction management fee? Please explain the uses of each of these fees.

**The contractor's overhead and profit is paid directly to the General Contractor. The developer fee is the the developer's overhead as project developer. A third-party construction manager who manages the on-site construction and inspections for the owner is paid the construction management fee.**

3. Please explain the line items under Total Development Costs (at the end of the application), is one construction and one permanent costs?

**Total Development Costs (\$15,104,267) include the residential and commercial (office) costs. Residential Costs are currently projected to be \$10,936,188. The commercial costs are budgeted to be \$4,168,612. We are accounting for the residential and commercial separately as financing sources are segregated. The commercial portion will not benefit from RDA funds.**

4. Please provide cost per beneficiary.

**This question is vague and ambiguous. Please clarify and we will respond quickly.**

**For instance, for a 4BR-3BA, 6 people would benefit. Using my calculations for number of people per household, 116 individuals would benefit. The term "cost" is vague. Cost to whom? Adults or total beneficiaries? Using the 116 individuals (including children), the benefit per individual would be \$17,241 (using the \$2,000,000 amount), for a total benefit of \$27,714 per individual if we are to include the previously committed \$1,214,830 from the City/Agency.**

5. What other funding sources have been secured at this time? What funding sources have been applied for?

**CalHome funding in the amount of \$1,260,000 is committed. Residential Development Loan Program Funds are awarded. Due to current market conditions regarding homeownership projects, construction financing is not available. In addition, the source of final takeout funds comes from 1<sup>st</sup> time homebuyer programs – which are expected to get a lift from the Troubled Asset Relief Plan Funds and the Stimulus bills.**

6. Given that the project is still finalizing its proforma, does it make sense for the City to set-aside funds for this project but wait on a funding decision until an updated proforma can be provided?

**Through the above-mentioned RFP process, CHOC will obtain update construction costs and will be able to provide a finalized proforma by April 17, 2009 coinciding closely with the awarding and set-aside of City funds.**

7. Does CHOC need this commitment from the City in order to be competitive for other financing opportunities? Are there any sensitive dates/deadlines by which CHOC would need a funding decision from the City?

**Yes. In order to qualify for construction financing, CHOC needs to show all financing provided by the City as committed.**

8. With the state funding freeze at both CalHFA and HCD, is CHOC requesting access to either its existing \$1,214,830 commitment from the Redevelopment Agency or immediate access to these funds being requested, in order for CHOC to continue predevelopment work on the project? How is CHOC funding project predevelopment costs? How would using Redevelopment Funds affect CHOC's ability to use all of the RDLP funds from CalHFA that were awarded for predevelopment and construction?

**Yes. CHOC has responded to Chris Westlake at HCD re the PMIB timing. Presently, the development cannot commence with the RFP and the updated pricing. However, we do not anticipate needing the full complement of RDLP funds until such time as an award of construction financing is made.**

9. Does CHOC have any indication from the state on when the state's RDLP funds that the project has been using for predevelopment expenses will unfreeze? What about other state funding sources that the project would apply for?

**Presently, the PMIB funds may be released based on priority of need. We have responded to HCD requesting priority to proceed.**

10. Do you believe that construction start of this project by November 2009 continues to be feasible?

**In the event that construction financing and homebuyer programs are awarded, the project will be set to commence 30-60 days thereafter.**

11. Would marketing and buyer selection for this project begin prior to construction completion in order to complete homebuyer education and to minimize any carrying costs once construction is completed?

**Absolutely. Once construction commences, CHOC will begin the qualification process of potential buyers currently on its waiting list. We anticipate the selection of buyers to be complete prior to completion of construction.**

12. Due to limited funds, what is the minimum amount, that your agency could benefit from/use?

**\$2,000,000**

**13.** Information on the Budget Summary is not consistent with data on the Operating Budget. For example, the Budget Summary lists Davis Development costs as \$3,214,830 on the Operational Budget but \$10,936,189 on the Budget Summary. Construction Management is \$154,146 on the Budget Summary, but no cost is shown on the Operating Budget under Davis. Please explain the different amounts.

**The \$3,214,830 is listed as a Source on the Operating Budget. It includes the committed funds of \$1,214,830 and the requested amount of \$2,000,000. Total development costs pertaining to the residential portion of Mace Park are \$10,936,189. Construction Management is listed in the Operating Budget under Other Development Costs (H). Total construction management fee is \$200,000 with the relative residential cost being \$154,146.**

Responses are due **NO LATER THAN MARCH 6<sup>th</sup>**. The responses should include both the questions and answers. Responses must be submitted via e-mail. E-mail should be addressed to [kcames@cityofdavis.org](mailto:kcames@cityofdavis.org). Responses should not be mailed.

**DEADLINE: MARCH 6, 2009 at 5:00 P.M.**