

Lakeside Apartments Staff Report

Prepared for Affordable Housing Finance Committee Review

Project Overview

Project Name: Lakeside Apartments Recapitalization

Applicant/Sponsor: Resources for Community Development (RCD)

Location: 1897 Oakmead Drive, Concord

Consistency with Program Priorities: Preservation of Affordable Housing Stock

HOME Eligibility Activity: Affordable Rental Housing

The proposed project will recapitalize and rehabilitate the existing 124-unit Lakeside Apartments community. The effort preserves deeply affordable housing for households earning 20%-55% of the Area Median Income (AMI). The project modernizes critical building systems and enhances long-term habitability for residents. Project objectives include preserving 124 affordable rental homes (including 31 special-needs units), completing major infrastructure upgrades (electrical, plumbing, building envelope), supporting long-term sustainability through electrification and energy-efficient improvements, and maintaining affordability for extremely low- to moderate-income households for an additional 55 years.

Sources of Funds (Permanent Financing)

• HOME Funds (requested):	\$2,000,000	applied
• HOME Funds (prior awards):	\$7,000,000	committed
• Recast County Loans + Accrued Interest:	\$3,719,870	committed
• Chase Bank Permanent Loan:	\$1,117,000	committed
• RCD GP Loan:	\$3,161,990	committed
• State of California Recast HCD MHP Loan:	\$9,843,926	committed
• City of Concord Recast Loan + Interest:	\$3,567,966	committed
• Developer Fee Contributed as Capital:	\$1,107,699	committed
• RCD Deferred Developer Fee:	\$600,000	committed
• RCD Committed Income:	\$415,886	committed
• <u>Federal 4% LIHTC Equity:</u>	<u>\$15,783,365</u>	<u>committed</u>

Total Permanent Sources: \$48,317,702

Uses of Funds (Development Budget)

- Land Acquisition: \$20,000,000
- Hard Construction Costs (Structures): \$10,930,378
- Other Construction Costs (Non-Structures): \$2,942,152
- Soft Costs: Approximately \$6,233,043
- Financing Costs: \$456,626
- Hard Cost Contingency: \$2,080,880
- Soft Cost Contingency: \$450,000
- Reserves: \$1,016,925
- Total Developer Fee: \$4,207,699

Total Uses: \$48,317,703 (balanced with sources)

Unit and Affordability Mix

The project will help alleviate the need for safe, decent, affordable housing through the new construction of 122 affordable rental units for families including:

1-Bedroom Units

Number: 59

Proposed County-Assisted Units: 17

Affordability Level: 20-55% AMI

3-Bedroom Units

Number: 14

Proposed County-Assisted Units: 5

Affordability Level: 20-55% AMI

2-Bedroom Units

Number: 51

Proposed County-Assisted Units: 16

Affordability Level: 20-55% AMI

Manager's Unit (2-Bedroom)

Number: 2

Affordability Level: Unrestricted

Total Units: 124

Accessible Units: 13 mobility units + 3 hearing/vision units

Financial Analysis & Underwriting

The estimated per-unit cost is \$396,047. The hard construction cost per unit is \$122.99.

The financing plan leverages substantial public and private resources. Operating projections indicate stable cash flow and sufficient reserves. The recapitalization ensures affordability for an additional 55 years.

HOME Match Requirements

The HOME program requires a 25 percent funding match from non-federal sources that are a permanent contribution to the project. As proposed, the minimum match required is

\$2,262,500 (the current request plus prior-year awards). RCD proposes using the net present value of the property tax exemption as the combined match source.

HOME CHDO Eligibility

The HOME Program requires a 15 percent set-aside for Community Housing Development Organizations (CHDOs) of the annual HOME grant allocation. RCD qualifies as a CHDO organization, and the \$2 million recommended to RCD for the Lakeside project would fulfill the 15 percent CHDO set-aside requirement.

Scoring Criteria

The Lakeside Apartments project has been evaluated based on the following scoring criteria:

- **Project Readiness - 66 pts**
Lakeside Apartments received 4% tax credits and tax-exempt bonds in December 2025. They have secured all entitlements, design approvals, and environmental clearances. Construction is expected to begin in June 2026.
- **Project Location - 15 pts**
The Concord project is located .4 miles away from the BART Concord station and close to bus service. The site is within a mile of grocery stores and farmer's markets, and .92 miles away from a medical center and pharmacy.
- **Project Targeting and Characteristics - 25 pts**
Lakeside Apartments will rehabilitate 122 affordable units, including on-site case management and service coordination, resident outreach and engagement, referrals to community-based resources, and community events.
- **Developer Experience and Capacity - 38 pts**
RCD has been creating and preserving affordable housing since 1984. Their portfolio includes over 2,658 affordable units with additional units in development. RCD operates communities in Contra Costa, Alameda, Solano, and Marin counties.
- **Penalty for Nonperforming Previously Funded Projects – Negative 3 points**
The 2025 monitoring noted challenges with RCD projects (Aspen Court, Berrellesa Palms, and Lakeside Apartments), with audit items still pending, as of April 2026.

The project earned a total score of 141 out of 189, demonstrating strong alignment with committee objectives.

Funding Recommendation Amount

Staff recommends allocating \$2,000,000 in FY 2026-27 HOME funds.

Rationale for Recommendation

This project preserves deeply affordable housing, leverages multiple funding sources, and aligns with County housing priorities. It is well-positioned to move forward, with secured tax credits and construction slated to begin this year.

Conditions of Approval

- All other financing commitments secured by July 1, 2026, and FY2026/27 HOME funds committed, as evidenced by an executed loan, by July 1, 2026, which aligns with the 4 percent tax credit deadline to close escrow and begin construction.
- Confirmation that the project's financials and proforma budget are compliant with the County's Affordable Housing Program Guidelines.
- Federal Crosscutting requirements, including an environmental review, Federal prevailing wage, Uniform Relocation Act requirements, Section 3, and Build America, Buy America are required.
- An award of \$2,000,000 in HOME funds will require the following recommended unit mix. The following includes the previously awarded HOME funds (\$9 million total) to summarize the overall required units mix:

1-Bedroom Units

Number: 59

- 2 units at 20% AMI (0 assisted)
- 18 units at 30% AMI (0 assisted)
- 13 units at 50% AMI (13 assisted)
- 26 units at 55% AMI (0 assisted)

3-Bedroom Units

Number: 14

- 2 units at 20% AMI (0 assisted)
- 7 units at 30% AMI (7 assisted)
- 3 units at 50% AMI (3 assisted)

Total – 35 HOME-assisted units

2-Bedroom Units

Number: 51

- 8 units at 20% AMI (0 assisted)
- 11 units at 30% AMI (6 assisted)
- 6 units at 50% AMI (6 assisted)
- 26 units at 55% AMI (0 assisted)