

Bayline Apartments Staff Report

Prepared for Affordable Housing Finance Committee Review

Project Overview

Project Name: Bayline Apartments

Applicant/Sponsor: Community HousingWorks (CHW)

Location: Earnest Street & Bayfront Boulevard, Hercules

Consistency with Program Priorities: Production of Affordable Rental Housing

HOME Eligibility Activity: Affordable Rental Housing

Bayline Apartments is a proposed 83-unit, 100% affordable multifamily rental development addressing critical housing needs in Hercules and the broader Contra Costa region. The project is proposed to be affordable to households earning 30%-80% of Area Median Income (AMI). The project increases affordable housing supply, expands options for individuals with intellectual and developmental disabilities, and supports regional transit-oriented development goals. The Bayline site is adjacent to the planned Hercules Hub, ensuring strong connections to rail, bus, bicycle, pedestrian, and future ferry service.

Sources of Funds (Permanent Financing)

• HOME funds (requested):	\$3,035,185	applied
• Measure X funds (requested):	\$458,865	applied
• Conventional Permanent Loan:	\$8,076,000	committed
• East Bay Regional Center:	\$3,150,000	applied
• Affordable Housing Sustainable Communities (AHSC):	\$16,764,59	proposed
• City of Hercules Loan:	\$5,300,000	proposed
• Deferred Developer Fee:	\$1,400,000	committed
• Limited Partner Equity (9% Tax Credits):	\$24,357,564	proposed
Total Permanent Sources:	\$62,542,212	

Uses of Funds (Development Budget)

- Land Acquisition: \$1,816,180
- Hard Construction Costs (Structures): \$29,699,214
- Hard Construction Costs (Non-Structures): \$7,911,309
- Soft Costs: \$14,308,205

- Financing Costs: \$716,876
- Owner Hard-Cost Contingency: \$3,760,452
- Soft-Cost Contingency: \$788,047
- Reserves: \$741,919
- Developer Fee: \$2,800,000

Total Uses: \$62,542,212 (balanced with sources)

Unit and Affordability Mix

This project will help alleviate the need for safe, decent, affordable housing through the new construction of 82 affordable rental units including:

1-Bedroom Units

- Number: 32
- Proposed County Assisted Units: 13
- Affordability: 30-80% AMI

2-Bedroom Units

- Number: 42
- Proposed County Assisted Units: 3
- Affordability: 30-80% AMI

3-Bedroom Units

- Number: 9
- Proposed County Assisted Units: 0
- Affordability: 30-60% AMI

Manager's Unit

- Number: 1
- Affordability: Unrestricted
- Average Rent: N/A

Total Units -83

Other/Accessible Units: 5 accessible, 2 hearing/vision units, 21 IDD-designated unit

Financial Analysis

Estimated per-unit cost: \$762,710

Hard cost of construction per residential square foot: \$430.25

Both of the above costs are comparable to the other new construction surface parking projects applications submitted this year. The financing structure blends federal, state, and local resources. Operating cash flow is projected to be positive early in the operating period, with a 55-year affordability agreement.

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 \$758,797. CHW is proposing to use the net present value of the property tax exemption and

the net present value of the proposed City of Hercules loan as the combined source of match.

HOME CHDO Eligibility

The HOME Program requires a 15 percent Community Housing Development Organization (CHDO) set-aside of the annual HOME grant allocation. The developer qualifies as a CHDO organization. Another timelier project is recommended to meet the CHDO set-aside requirement.

Scoring Criteria

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

- **Project Readiness: 11 points**
The applicant submitted an SB 35 application to the City of Hercules on 2/18/26. The only other committed funding is the Deferred Developer Fee.
- **Project Location: 10 points**
A bus stop is located 100 feet from the project site, and the project is within 1 mile of a full-service grocery store.
- **Project Targeting and Characteristics: 25 points**
The project will score higher than 110 points on the Build it Green – GreenPoint Rated Checklist. The project will be 100% electric, and once the Hercules HUB is constructed, it will be a transit-oriented development. 21 units are set aside for intellectually and developmentally disabled population. The number of affordable units is 25% over the 10% required.
- **Experience and Capacity: 39 points**
Community HousingWorks (CHW) has 37 years of experience in affordable housing development in California and Texas. Bayline will be managed by ConAm Management Corporation, who already manages 34 CHW properties.
- **Penalty for Nonperforming Previously Funded Projects – Not Applicable**

The total score for the Bayline Apartments project is 85 out of 189 points for rental projects.

Funding Recommendation Amount

Staff is not recommending funding at this time.

Rationale for Recommendation

Although the applicant submitted an SB 35 application to the City of Hercules on 2/18/26, the project is still in the preliminary stages in terms of the entitlement process. The

applicant also does not yet have a committed loan from the City of Hercules. HOME funds may not be a “first in” funding source, as the HOME Program has specific expenditure deadlines, including executing HOME written agreement/begin construction within 24 months of award. This project is in the preliminary stages of development and therefore staff recommends HOME funds be awarded to other timelier projects.