

# Harbor Pointe Staff Report

*Prepared for Affordable Housing Finance Committee Review*

## Project Overview

**Project Name:** Harbor Pointe

**Applicant/Sponsor:** USA Properties Fund, Inc.

**Location:** 1700 Discovery Bay Blvd (at the northwest corner of the intersection between Discovery Bay Boulevard and Sand Point Road), Discovery Bay

**Consistency with Program Priorities:** Production of Affordable Rental Housing

USA Properties Fund, Inc. is proposing to construct 170 affordable rental apartment units (168 affordable units and two manager’s units) for families on a 6.03-acre vacant parcel adjacent to the Discovery Bay Shopping Center in the unincorporated community of Discovery Bay. Development includes the construction of seven residential buildings three-stories in height, at-grade parking spaces, an on-site clubhouse, and one maintenance building. The units will be affordable to households between 30% Area Median Income (AMI) to 70% AMI. USA Properties Fund, Inc. will partner with LifeSTEPS to provide social support services to residents. The project has received a letter of support from the Housing Authority of the County of Contra Costa, and a subsequent award of eight Veterans Affairs Supportive Housing (VASH) vouchers for the project.

## Sources of Funds (Permanent Financing)

• <b>FY 2026/27 In-Lieu Funds Request:</b>	<b>\$951,440</b>	<b>Applied</b>
• <b>FY 2026/27 Measure X Funds Request:</b>	<b>\$1,548,560</b>	<b>Applied</b>
• Tax Exempt Loan:	\$20,970,000	Proposed
• Recycled Bonds:	\$2,700,000	Proposed
• Private Taxable Loan – Citibank:	\$90,000	Proposed
• NOI During Construction:	\$2,759,105	Committed
• Tax Credit Equity - 4% Federal Tax Credits:	\$32,497,646	Proposed
• Deferred Developer's Fee:	\$7,441,950	Committed
• <u>Safehold Ground Lease Note:</u>	<u>\$14,200,000</u>	<u>Proposed</u>

**Total Permanent Sources: \$83,158,701**

## Uses of Funds (Development Budget)

• Property Acquisition:	\$689,413
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- Construction (including Bonds): \$37,638,300
- Construction General Conditions: \$1,800,000
- Contractor Overhead & Profit: \$3,635,279
- Construction Contingency: \$3,445,887
- Financing Costs: \$10,196,280
- Other Transaction Costs: \$15,811,592
- Developer's Fee/Overhead: \$9,941,950

**Total Uses: \$83,158,701**

### Unit and Affordability Mix

#### 1-Bedroom Units

- Number: 42
- Proposed County-Assisted Units: 8
- Affordability Level: 30 – 70% AMI

#### 3-Bedroom Units

- Number: 42
- Proposed County-Assisted Units: 2
- Affordability Level: 30 – 70% AMI

#### 2-Bedroom Units

- Number: 84
- Proposed County-Assisted Units: 1
- Affordability Level: 30 – 70% AMI

#### Manager's Units

- Number: 2
- Affordability Level: Unrestricted

**Total Units: 170**

The project received an award of eight Veterans Affairs Supportive Housing (VASH) vouchers.

### Financial Analysis and Underwriting

The development budget proposes an estimated total development cost per affordable unit of \$494,992. The hard cost of construction per residential square foot is projected at \$190.12. Both are on the lower end of the costs comparable to other new construction surface parking applications submitted to the County this application round. Construction costs are based on cost estimates submitted by USA Properties Fund, Inc. Proposed costs are compliant with the County's Affordable Housing Guidelines, including:

- Hard cost contingency of 10%
- Soft cost contingency of 8%
- Cash portion developer fee at \$2,500,000
- Vacancy rate % assumption of 5%
- Replacement Reserves Annual Deposit of \$500 per unit

- Annual Operating Expenses of \$6,144 per unit

The proposed debt service coverage ratio begins at 1.15 in year 1 and increases to 1.7 by year 20. Analysis of the operating pro forma indicates that Harbor Pointe is feasible over the long term. The cash flow is positive through Year 20.

## Scoring Criteria

The Harbor Pointe project has been evaluated based on the following scoring criteria:

- Project Readiness – 57 points  
The County Planning Department ministerially approved the development and determined that the project is exempt from the California Environmental Quality Act (CEQA). The National Environmental Policy Act (NEPA) review is underway (triggered by the award of VASH vouchers) and is anticipated to be complete in May of 2026. USA Properties Fund, Inc. will need to reapply for 4% tax credits and tax exempt bonds (as they did not receive an award of tax credits when they applied during Round 1 of this year).
- Project Location – 15 points  
The 6.03-acre vacant project site is located within the Discovery Bay area (at the northwest corner of the intersection between Discovery Bay Boulevard and Sand Point Road) of unincorporated Contra Costa County. Surrounding existing land uses include the Discovery Bay Shopping Center to the north, the Discovery Bay Community Center and undeveloped land to the east, and single-family residences to the south and to the west of the project site. It is also located within 1 mile of the Discovery Bay Farmers Market.
- Project Targeting and Characteristics – 12 points  
As proposed, 12 percent of the project's units will be occupied by extremely low income (0-30%) AMI households, 10 percent of the project's units will be occupied by very low income (31-50%) AMI households, and 78% of the project's units will be occupied by low income (51-80%) AMI households. The project aims to achieve the Gold Standard on the Build It Green - GreenPoint Rated Checklist. The building will be all-electric and will include a full solar photovoltaic system and energy-efficient and water-efficient fixtures and appliances.
- Experience and Capacity – 39 points  
USA Properties Fund, Inc. is a vertically integrated family of companies with experience in developing, building, and managing multifamily communities. They have multifamily apartment communities located throughout California, Nevada, and Oregon. They have developed or acquired and rehabilitated over 16,000 housing units and have been an affordable housing developer for over 40 years.

They have experience in programs ranging from Low Income Housing Tax Credits to Tax Exempt and Taxable Bonds, HOME funds, and other state and local subsidies, including the development of several mixed-income communities. Over the past five years, they have completed construction and placed into service over 2,400 affordable apartment units.

USA Properties Fund, Inc. has an in-house property management company, which operates as USA Multifamily Management, and manages all of USA Properties Fund, Inc. affordable projects, which currently total over 12,000 units in 90 communities throughout the state of California. Their nonprofit partners, LifeSteps and Riverside Charitable Corporation, in conjunction with USA Multifamily Management, will offer social services to the future tenants of this community ranging from client assistance, educational classes, immigration services, eviction prevention, and social and community participation programs.

- Penalty for Nonperforming Previously Funded Projects – Not Applicable

The total score for Harbor Pointe is 123 points out of a maximum of 189 points for rental projects.

### **Funding Recommendation Amount**

Up to \$1,765,722 in FY 2026/27 Measure X funds, \$413,438 in FY 2026/27 Summer Lake Affordable Housing (SLAH) funds, and \$216,295 in FY 2026/27 In-Lieu funds if TBV Villas at Renaissance's \$2,496,750 FY 2025/26 Measure X Funding award is recaptured.

### **Rationale for Recommendation**

The project is consistent with the County's priority to produce new, permanent affordable rental housing. The hard cost of construction per residential square foot is relatively low in comparison to other projects submitted during this NOFA cycle and the project is 100% affordable. If TBV Villas at Renaissance's \$2,496,750 FY 2025/26 Measure X Funding award is recaptured, staff recommends a funding award up to \$1,765,722 in FY 2026/27 Measure X funds, \$413,438 in FY 2026/27 SLAH funds, and \$216,295 in FY 2026/27 In-Lieu funds.

The Summer Lakes Project was approved by the County prior to the annexation by the City of Oakley. As part of the annexation, the County and the City of Oakley agreed that the \$3,333 affordable housing fee charged for each new home would be collected by the City of Oakley and transferred to the County. The agreement requires that the funds be used in East Contra Costa County and that the County consider reserving 20 percent of the fees for affordable housing development in the City of Oakley. As of 2026, the Summer Lake Affordable Housing (SLAH) available balance is \$913,438 for affordable housing projects located in East Contra Costa County. The project is eligible for In-Lieu funds because the

project site is located within an unincorporated area of Contra Costa County (Discovery Bay, CA).

## Conditions of Approval

1. All other financing commitments secured by December 31, 2027, including an award of tax credits and tax-exempt bonds.
2. FY 2026/27 Measure X funds committed, as evidenced by an executed loan, by June 30, 2028.
3. Confirmation that the project's financials and proforma budget are compliant with the County's Affordable Housing Program Guidelines.
4. An award of \$1,765,722 in FY 2026/27 Measure X funds, \$413,438 in FY 2026/27 SLAH funds, and \$216,295 in FY 2026/27 In-Lieu funds will require the following unit mix:

### **1-Bedroom / 1 Bath Units**

- 8 units at 30% AMI (1 assisted)
  - 1 Measure X
- 4 units at 50% AMI (3 assisted)
  - 3 Measure X
- 24 units at 60% AMI (0 assisted)
- 6 units at 70% AMI (0 assisted)

### **2-Bedroom / 1 Bath Units**

- 8 units at 30% AMI (0 assisted)
- 9 units at 50% AMI (2 assisted)
  - 2 Measure X
- 49 units at 60% AMI (2 assisted)
  - 2 SLAH

- 14 units at 70% AMI (0 assisted)

### **2-Bedroom / 2 Bath Units**

- 4 units at 70% AMI (0 assisted)

### **3-Bedroom / 2 Bath Units**

- 4 units at 30% AMI (0 assisted)
- 4 units at 50% AMI (2 assisted)
  - 1 Measure X
  - 1 In-Lieu
- 15 units at 60% AMI (0 assisted)
- 19 units at 70% AMI (0 assisted)

### **Total**

- 7 Measure X-assisted units
- 2 SLAH-assisted units
- 1 In-Lieu-assisted units
- 10 Total County-assisted units