

# Veterans Affordable Housing Staff Report

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*Prepared for Affordable Housing Finance Committee Review*

## Project Overview

**Project Name:** Veterans Affordable Housing Project

**Applicant/Organization:** Veterans Resource Program (VRP)

**Location:** 338 Carlson Blvd., Richmond, CA 94806

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

The applicant is proposing a one-phase affordable housing development on 2.28 acres of vacant land that includes the new construction of three buildings along with on-site amenities and services, and 200 off-street parking spaces. The project will serve households up to 80% Area Median Income (AMI). Building 1 includes 80 units of supportive housing made up of one-bedroom units designated for homeless veterans and their families. The developer will coordinate with the Continuum of Care system and Veterans Administration to fill these units. Building 2 is proposed as an assisted living facility with 104 beds (84 units) for persons with physical and mental disabilities. An assisted living facility does not meet the eligibility criteria for Measure X affordable rental housing development proposals. Building 3 includes 70 units of family housing.

The overall project will support the veteran community and will include on-site services for counseling, health services, job placement support, childcare, and education guidance. The site will include accessible gardens, patios, and landscaped walking paths. Residents will have access to a gym, theater for films, chapel, meeting rooms, film production room, pharmacy partnership, and a dedicated VRP office. The development includes a proposed mini market and restaurant café that will be open to the general public and will be used as part of a job training platform. Many of the listed amenities will be open to the public as well as to the residents living on site.

The requested Measure X funding is for \$1,000,000 for predevelopment.

## Sources of Funds (Permanent Financing)

- **FY 2026/27 Measure X funds requested:** **\$1,000,000** applied
- HUD 221(D)4/Greystone Construction Debt: **\$95,024,000** proposed

• EPA Clean Up Grant/Match:	\$1,000,000	proposed
• Commercial PACE/Bayview:	\$44,000,000	proposed
• New Market Tax Credits/Ryan:	\$8,300,000	proposed
• Wings of Eagle Fund T1:	\$5,494,838	proposed
• <u>Solar Financing/Supernova:</u>	<u>\$10,000,000</u>	<u>proposed</u>

Total Permanent Sources: \$164,818,838

### Uses of Funds (Development Budget)

- Land Acquisition: \$1,500,000
- Hard Construction Costs: \$133,963,100
- Soft Costs: \$17,902,143
- Equity Placement Fee: \$930,000
- PFD Origination Fee: \$56,500
- Debt Origination Fee: \$1,338,750
- Consultant Placement Fee: \$1,530,000
- Capitalized Loan Interest: \$750,000

Total Uses: \$157,970,493 (doesn't match permanent source amount)

There is an inconsistency in the total proposed permanent funding sources and total development costs. The values for the development costs and permanent sources is based on the responses received.

### Unit and Affordability Mix

Total Number of Units in the project: 234

- 80 units of supportive housing (80 one-bedroom units)
- 104 bed assisted living facility (8 studio and 76 on-bedroom units)
- 70 units of independent living for families (16 one-bedroom units, 36 two-bedroom units, and 18 three-bedroom units)

### Affordability Mix:

- All 234 units in the project are reserved for households earning up to 80% AMI
- 0 units at market rate

## Financial Analysis and Underwriting

The estimated per unit cost is \$704,354 for a 234-unit project. However, the cash flow analysis submitted is only for a five-year period and not 20 years as required by the application guidelines. The New Market Tax Credit Program incentivizes community development and economic growth through the use of tax credits that attract private investment to distressed communities through the construction or rehabilitation of commercial real estate or creation or retention of jobs.

## Scoring Criteria

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

- **Project Readiness – 10 points**  
At the time of filing this application, the applicant had not filed the required application for planning approval, which includes an environmental review. The planning application the applicant intended to file under SB 35 was not filed until after 2026. The development will include remediation of the contaminated brownfield site and is working with the Department of Toxic Substances Control who is providing regulatory oversight and guidance for the site's environmental remediation. The applicant has listed multiple sources of financing which they intend to submit applications for funding. No funding appears to have been committed at the time of the application.
- **Project Location – 15 points**  
The project is located within the City of Richmond. The site is within a geographic equity area of extreme displacement. The project is within 1 mile of an AC Transit bus stop, 1.4 miles from the BART station, is within 1 mile of the Richmond Farmer's Market, and 1.9 miles from Kaiser.
- **Project Targeting and Characteristics – 10 points**  
The proposal for new buildings will include energy efficient and building design. The project includes new permanent supporting housing units for homeless veterans.
- **Experience and Capacity – 0 points**  
The lead applicant is VCR and did not list any prior affordable housing development experience. The anticipated ownership structure is Veterans Resource Center (VRC) as the general partner and co-developer, Eagle Environmental Construction and Development (EECD) as co-developer, and Wings of Eagle Fund T1 as a limited partner and equity investor. EECD are general contractors who have 21 years of general construction and housing development experience. There were no audits

submitted for review regarding the developer's financial status. The property management company, Wellington Property Company, is unknown to the County and does not appear to manage affordable housing developments.

- Penalty for Nonperforming Previously Funded Projects - Not applicable

The total score for the project is 35 points out of a maximum of 189 points for rental projects.

### **Funding Recommendation Amount**

Staff does not recommend any funding at this time.

### **Rationale for Recommendation**

The applicant is still applying for financing for this development and does not have planning approval. The applicant intends to apply for VASH vouchers to support the project's long-term financing after they obtain planning approval. New Market Tax Credits as a proposed funding source is unclear how this housing project is eligible for the tax credits. This project is not as competitive as other projects that received this application round.