

La Loma Senior Housing Staff Report

Prepared for Affordable Housing Finance Committee Review

Project Overview

Project Name: La Loma Senior Housing

Organization: EAH Housing (EAH Inc.)

Location: 720 Willow Ave, Rodeo

Consistency with Program Priorities: Production of Affordable Rental Housing

HOME Eligibility Activity: New Construction of Affordable Rental Housing

La Loma Senior Housing is a new, three-story apartment building with 66 affordable to and occupied by senior households earning 30-60% Area Median Income (AMI) and one unrestricted on-site manager's unit. The property also includes a new senior center, that will be leased to Contra Costa County and is replacing the existing senior center at another location. Amenities include a resident community room, garden area, patio, bike storage and laundry room. The county will use La Loma Senior Center for their nutrition program known as Café Costa Rodeo which will hold events 2 days a week.

Sources of Funds (Permanent Financing)

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|---|--------------|-----------|
| • HOME Funds (requested): | \$2,150,000 | applied |
| • Measure X Funds (requested): | \$5,620,859 | applied |
| • Inclusionary In-Lieu Funds (requested): | \$960,000 | applied |
| • Taxable Permanent Loan: | \$5,475,000 | committed |
| • CCC HAF (Successor Agency Loan): | \$4,450,000 | awarded |
| • Limited Partner Equity (Federal LIHTC): | \$21,247,875 | proposed |
| • GP Capital Contribution | \$100 | committed |
| • Accrued Deferred Interest County Loans* | \$418,567 | proposed |

*The accrued interest will not be included in any County Loan Documents

Total Permanent Sources: \$40,322,401

Uses of Funds (Development Budget)

- Land Acquisition: \$980,000

- Hard Construction Costs (Structures): \$17,978,161
- Other Construction Costs (Non-Structures): \$7,257,396
- Soft Costs: \$8,116,790
- Owner Hard Cost Contingency: \$2,035,584
- Soft Cost Contingency: \$566,650
- Financing Fees: \$337,465
- Reserves: \$550,355
- Developer Fee: \$2,500,000

Total Uses: \$40,322,401 (balanced with sources)

Unit and Affordability Mix

The project will help alleviate the need for safe, decent, affordable housing through the new construction of 66 affordable rental units for seniors including:

Studio Units

Number: 24

Proposed County-Assisted Units: 24

Affordability Level: 21–40% AMI

1-Bedroom Units

Number: 42

Proposed County-Assisted Units: 36

Affordability Level: 21–60% AMI

Manager’s Unit

Number: 1

Affordability: unrestricted

Total: 67 units

Other/Accessible Units: 33 mobility + 7 sensory units

Financial Analysis and Underwriting

The estimated per-unit cost is \$610,945, which is favorable compared to other new construction surface parking applications submitted to the County this round. The hard cost per residential square foot is estimated at \$599.27, which is slightly higher than other similar type projects. Operating projections and reserve policies indicate positive cash flow over a 20-year period. A financial analysis and underwriting process has been conducted to ensure financial viability. The project is expected to generate sufficient rental income to cover operating expenses, debt service, and maintain long-term sustainability.

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 \$537,500. EAH, Inc. is proposing to use a seller carry-back loan as the source of match. This is not an eligible source of HOME Match. With 11 HOME units proposed, the Net Present Value of the Property Tax Waiver over the 55-year HOME term is approx. \$60,000.

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

Evaluation was conducted based on the following metrics:

- **Project Readiness: 23 points**
Land use entitlements and design approvals have been obtained and the building permit process has begun.
- **Project Location: 15 points**
Site is within 1 mile of a full-service grocery store, and is within 1 mile of a healthcare facility, and is within the "Elevated Displacement" category of the Urban Displacement Project's California Estimate Displacement Risk Model in unincorporated Rodeo.
- **Project Targeting and Characteristics: 25 points**
Project is anticipated to score higher than 110 points (Gold Standard) on the Build it Green - GreenPoint Rated Checklist. The extremely low-income units (30% AMI or less) are 24% of the total affordable units, which is 14% higher than the 10% required. All of the affordable units are for senior households.
- **Developer Experience and Capacity: 38 points**
EAH Housing has over 55 years of experience in affordable housing property management and has provided housing to special needs populations for over thirty years, including accessible and supportive housing apartments.
- **Penalty for Nonperforming Previously Funded Projects – Not Applicable**

The project earned a total score of 101 out of 189 for rental projects.

Funding Recommendation Amount

Staff is not recommending funding at this time.

Rationale for Recommendation

Although the La Loma project is consistent with the County's priorities to produce new affordable rental housing, it did not score as well as other projects during this annual NOFA cycle. As planned, the project will apply for 9% federal tax credits in 2026. However, in the County's experience, projects seeking the highly competitive tax credits and tax-exempt bonds rarely meet the initial timeframes for loan closing and construction start. Therefore, due to the competitiveness of all County funds included in the NOFA, staff recommends allocating funds to other projects that can demonstrate construction commencement in a timelier manner.

HOME funds may not be a "first in" funding source, as the HOME Program has specific expenditure deadline 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.