

949 Moraga Road Staff Report

Prepared for Affordable Housing Finance Committee Review

Project Overview

Project Name: 949 Moraga Road

Applicant/Sponsor: Satellite Affordable Housing Associates (SAHA) & Sunflower Hill

Location: 949 Moraga Road, Lafayette

Consistency with Program Priorities: Production of Affordable Rental Housing; Permanent Supportive Housing Units & Special Needs Housing Units.

The project will create 48 new permanently affordable homes, including 47 restricted units and 1 manager's unit, with a focus on serving households with intellectual and developmental disabilities (I/DD). The project proposes units affordable to households earning 20%-60% Area Median Income (AMI). Located in downtown Lafayette, it is close to transit, healthcare, grocery stores, parks, and other community amenities. The development also helps meet a major need for affordable housing along the Highway 24 corridor.

Sources of Funds (Permanent Financing)

- | | | |
|--|---------------------|-----------------|
| • FY 2026/27 Measure X requested: | \$6,111,718 | applied |
| • Multifamily Housing Program (MHP) Loan: | \$15,977,232 | committed |
| • State of California – MHP COSR Grant: | \$3,314,986 | committed |
| • State of California – MHP Services Reserve: | \$250,000 | committed |
| • City of Lafayette – Local Contribution: | \$5,289,999 | committed |
| • <u>Limited Partner Equity (9% LIHTC Proceeds):</u> | <u>\$23,520,000</u> | <u>proposed</u> |

Total Permanent Sources: \$54,463,935

Uses of Funds (Development Budget)

- Land Acquisition (donated): \$5,110,000
- Hard Construction Costs (Structures): \$26,095,804
- Other Construction Costs (Non-Structures): \$225,000
- Soft Costs: \$10,886,047
- Hard-Cost Contingency: \$2,887,607
- Financing Costs: \$407,081

- Soft-Cost Contingency: \$522,638
- Reserves: \$6,220,343
- Developer Fee: \$2,800,000

Total Uses: \$54,463,935 (balanced with sources)

Unit and Affordability Mix

The project will help alleviate the need for safe, decent, affordable housing through the new construction of 47 affordable rental units for those with special needs including I/DD:

1-Bedroom Units

-Number: 29

-Proposed County-Assisted Units: 16

-Affordability Level: 20-60% AMI

2-Bedroom Units

-Number: 18

-Proposed County-Assisted Units: 11

-Affordability Level: 20-60% AMI

Manager's Unit (2-Bedroom)

– Number: 1

– Affordability Level: Unrestricted

Total Units: 48, 23 units reserved specifically for I/DD households.

Financial Analysis & Underwriting

The estimated per-unit cost is approximately \$1.15 million. The hard construction cost per unit is \$878.65. Both of these costs are on the higher end compared to the other new construction surface parking projects that submitted applications in this round. The financing structure combines LIHTC equity, MHP state funds, city funding, and Measure X funds.

Scoring Criteria

The 949 Moraga Road project has been evaluated based on the following scoring criteria:

- Project Readiness - 86 points
The project has received non-discretionary land use entitlements from the City of Lafayette. The project received an award of competitive MHP funds in 2025. The project proposes to apply for tax credits in 2026.
- Project Location - 10 points

The .81-acre site is located in downtown Lafayette, close to amenities such as transportation, two supermarkets, two pharmacies, a library, and a licensed day program serving individuals with I/DD.

- Project Targeting and Characteristics - 20 points
949 Moraga will create 47 deeply affordable units for individuals with intellectual and developmental disabilities. 17 of the units are reserved for Extremely Low Income residents (0%-30% AMI).
- Experience and Capacity - 23 points
SAHA has served residents since 1971 across seven Northern California Counties with building, owning, and managing affordable housing for residents with Special Needs. Sunflower Hill is partnering with SAHA as an emerging developer.
- Penalty for Nonperforming Previously Funded Projects – -1
The 2025 monitoring noted challenges with one SAHA project (Robin Lane).

The total score for the 949 Moraga Road project is 139 points out of a maximum of 189 points for rental projects.

Funding Recommendation Amount

Staff recommends allocating \$5,467,433 up to the full request of \$6,111,718 in Measure X funds if available.

Rationale for Recommendation

The project addresses regional affordable housing shortages, provides deeply affordable units for I/DD households, demonstrates feasibility, and has strong community and municipal support. It delivers long-term affordability and good leveraging of public resources. The development is timely, as the developer secured competitive MHP funds from the State of CA in 2025 and is well-positioned to submit a tax credit application in 2026. A minimum of \$5,467,433 in Measure X funds is recommended. Up to \$6.1 million in Measure X funds is recommended if the TBV Villas FY2025/26 Measure X award is recaptured. If recaptured, staff recommends allocating \$644,285 of that award to the 949 Moraga project to bring it up to its requested amount.

Conditions of Approval

- All other financing commitments secured by December 31, 2027.
- FY 2026/27 Measure X funds committed, as evidenced by an executed loan, by June 30, 2028.

- Confirmation that the project’s financials and proforma budget are compliant with the County’s Affordable Housing Program Guidelines.
- An award of \$6,111,718 in 2026/27 Measure X funds will require the following unit mix:

1 Bedroom Units

10 Units at 30% AMI (5 assisted)

6 units at 50% AMI (11 assisted)

13 units at 60% AMI (0 assisted)

Total: 27 Measure X-assisted units

2 Bedroom Units

7 units at 30% AMI (0 assisted)

4 units at 50% AMI (6 assisted)

7 units at 60% AMI (5 assisted)