



To: Timothy Rood, Community Development Director
CITY OF HERCULES

From: Mark Sawicki, Director
RSG, INC.

Date: July 8, 2026

**SUBJECT: REVIEW OF DEVELOPMENT PROPOSALS: HERCULES HOUSING
SUCCESSOR AGENCY NOFA (2026)**

The City of Hercules ("City") serves as the Housing Successor Agency ("Housing Successor") to the former Hercules Redevelopment Agency ("Redevelopment Agency"). The Housing Successor's Low and Moderate Income Housing Asset Fund ("Housing Asset Fund") had a \$6.2 million cash balance as of June 30, 2025. The balance is primarily from loan repayments related to homeowner and developer loans issued by the former Redevelopment Agency.

The City issued a Notice of Funding Availability ("NOFA") in October 2025 inviting developers to submit proposals to develop affordable housing utilizing up to \$5 million in Housing Asset Funds. Three developers submitted proposals as shown in Table 1.

Table 1: Developer Proposals				
Developer	Community Housing Works ("CHW")	Satellite Affordable Housing Associates ("SAHA")	Eden Housing ("EDEN")	
Project Name	Bayline Apartments	Sycamore Crossing	Victoria Green	
# of Units	83	100	66 new units	198 <i>new + rehab</i>

City staff and RSG, Inc. ("RSG") evaluated each proposal based on the following criteria, as described in the NOFA:

- developer qualifications and experience,
- financial capacity,
- alignment with community and Housing Element goals,
- project readiness and economic viability, and
- project eligibility and affordability.

RSG reviewed full proposals and development pro formas from each developer submitted in January 2026, as well as requested updated submissions received on June 29, 2026. RSG found

all proposals and pro formas have reasonable cost assumptions that comply with California Tax Credit Allocation Committee guidelines such as rent limits, operating expense minimums, and reserve requirements. All proposals comply with the Housing Asset Fund requirements as well.

Notably, as compared to the original submissions, the most recent updates result in having three competitive project proposals with much narrower differences between them. Depending on which criteria the City Council prioritizes, they could consider either of the three project proposals to be marginally preferable. City staff and RSG continue to recommend funding just one project, versus splitting the \$5 million award between multiple projects. This approach better ensures that the funded project will be more competitive for attracting other key funding sources and may then have a higher chance of successful and timely development.

Table 2 distills the most salient differences among the three proposals for Council consideration:

Table 2: Developer Proposals Key Differences				
Developer/Project	CHW/Bayline	SAHA/Sycamore	EDEN/Victoria*	
			new	<i>new + rehab</i>
Affordable Units	82	99	65	196
Deeply Affordable (30% AMI) Units	29	25	20	34
Weighted Average Affordability Level	49.9% AMI	49.9% AMI	48.0% AMI	52.3% AMI
# of residents served (per BR count)	223	261	92	508
Units for Special Needs Population	21 for Persons with Intellectual and Development Disabilities (IDD)	TBD	33 for Seniors	
Potential RHNA credit	82	99	65	110*
City funding per unit	\$60,241	\$50,000	\$75,758	\$25,253

* Note that the EDEN/Victoria Green proposal includes both new construction and the rehabilitation of an existing 132 unit project, with extension of its affordability covenants. The combined project is not directly comparable to the other proposals. However, if a certain portion of City funds are allocated towards rehabilitated units serving households under 45% AMI, the City may be able to receive RHNA credit.

Table 3, which follows on subsequent pages, presents further detail on key components of each development proposal for City Council's consideration.

Table 3 Developer Proposals Expanded Summary Comparison				
Developer	CHW	SAHA	Eden	
Project Name	Bayline Apartments	Sycamore Crossing	Victoria Green	
Location	Bayfront Boulevard	Sycamore Ave. & San Pablo Ave.	Paradise Drive (near Victoria Crescent W)	
APN	404-490-102-5 404-490-101-7	404-020-098 404-020-099	404-030-050	
Population Served	Individuals and families (61 units) Persons with Intellectual and Developmental Disabilities (IDD) (21 units)	Individuals and families (99 units)	Individuals, including 50% Seniors* (65 new units) *Reserve the right to change if it conflicts with existing regulatory agreements	<i>Individuals and families (131 existing units)</i>
Building Size and Other Project Details:				
Total Building Square Footage	95,980	102,660	46,681	
Number of New Buildings	2	1	1	
Number of Stories	4	5	3	
Site Control	Yes, owns site	Yes, with execution of Purchase & Sale Agreement	Yes, owns site	
Other Project Notes	Previously submitted an SB 35 development application		Simultaneous re-syndication and rehabilitation of existing project to leverage tax credits in support of new construction Approx. 16% of construction budget for rehab; 84% of budget for new units	
Developer Qualifications and Experience:				
Years of Experience	Nearly 40 years	Over 50 years	58 years	
Development Portfolio	Developed over 5,100 apartments in 53 communities, with 1,500 units in the pipeline	Completed 75 affordable communities in the Bay Area. House over 4,000 residents	Developed or rehabilitated over 12,930 units statewide	

Table 3 Developer Proposal Summary				
Developer	CHW	SAHA	Eden	
Project Name	Bayline Apartments	Sycamore Crossing	Victoria Green	
Number of Units by Income Level:				
			New Units	<i>New + Rehab</i>
30% AMI	29	25	20	34
50% AMI	16	25	18	58
60% AMI	27	49	27	81
80% AMI	10	0	0	23
Manager	1	1	1	2
# of Units	83	100	66	198
Percentage of Units by Income Level:				
30% AMI	35%	25%	30%	17%
50% AMI	19%	25%	27%	29%
60% AMI	33%	49%	20%	41%
80% AMI	12%	0%	0%	12%
Manager	1%	1%	1%	1%
Weighted Average Affordability Level	49.9% AMI	49.9% AMI	48.0% AMI	52.3% AMI
Unit Sizes:				
Bedroom Type	1, 2, & 3 BR	Studio, 1, 2, & 3 BR	Studio & 1 BR	<i>Studio, 1, 2, & 3 BR</i>
Weighted Average Bedroom Size	1.72	1.70	0.71	1.69
Est. Resident Count	223	261	92	508

Table 3
Developer Proposal Summary

Developer	CHW	SAHA	Eden	
Project Name	Bayline Apartments	Sycamore Crossing	Victoria Green	
Development Cost:			New Units	New + Rehab
Total Development Cost (net of land)	\$60,161,999	\$78,620,509	\$44,778,036	\$53,307,186
Total Development Cost per Unit (net of land)	\$724,843	\$786,205	\$678,455	\$269,228
Development Costs Include Prevailing Wage	Yes	Yes	Yes	
Total Developer Fee	\$2,800,000	\$10,515,813	\$7,547,677	
Total Developer Fee per unit	\$33,735	\$105,158	\$38,120	
Sources of Funding:				
Permanent Loan	\$8,134,000	\$4,392,055	\$12,701,552	
Deferred Developer Fee	\$1,400,000	\$6,231,876	\$3,437,532	
Developer Carryback Loan			\$15,731,079	
FHLB Aff Hous Prog (AHP)		\$1,500,000		
HCD: Aff Housing and Sustainable Comm. ("AHSC")	\$17,487,831	\$29,641,702*		
HCD: Multifamily Housing Program ("MHP")			\$13,982,481	
Contra Costa Co. (HOME)	\$2,529,197		\$2,161,143	
Contra Costa Co. (Measure X)	\$1,958,865	\$3,216,020		
East Bay Regional Center	\$1,500,000			
City of Hercules	\$5,000,000	\$5,000,000	\$5,000,000	
Federal LIHTC Equity (4%)		\$32,185,856	\$28,984,555	
Federal LIHTC Equity (9%)	\$24,357,564			
Income from Operations			\$925,246	
GP Capital Contribution			\$100	
Total Sources	\$62,367,457	\$82,167,509	\$82,923,688	

* If SAHA is unable to secure AHSC funding allocation, its alternate plan is HCD MHP funding. To be competitive for MHP projects on public land, SAHA asks the City to purchase the development site and lease it to SAHA to shield the City from property responsibilities before closing.

City Funding as % of Total	8%	6%	6%	
City Funding per Unit	\$60,241	\$50,000	\$75,758	\$25,253

Table 3 Developer Proposal Summary			
Developer	CHW	SAHA	Eden
Project Name	Bayline Apartments	Sycamore Crossing	Victoria Green
Cash Flow Projections:			
Long Term NOI	Positive	Positive	Positive
Debt Service Coverage	Maintains 1.15x coverage that increases each year	Maintains 1.15x coverage that increases each year thru Yr 15	Maintains 1.15x coverage that increases each year thru Yr 25
Potential Soft Loan Repayment	May begin in Year 11	Not until Year 31	May begin in Year 11

RHNA Fulfillment:				
# of Units That Fulfill Remaining RHNA Need (2025 remaining need)				
			New Units	New + Rehab
Very Low or 50% AMI (343 Units)	45	50	38	83*
Low or 80% AMI (196 Units)	37	49	27	27
Moderate or 120% AMI (125 Units)	0	0	0	0
Above Moderate (309 Units)	0	0	0	0
Total (973 Units)	82	99	65	110

* Per Gov Code Section 64500, only substantial rehabilitated units with affordability of 45% AMI or less, that receive more than \$60,000 per unit of City funding, can be included for RHNA reporting. If the City and Eden agreed to apportion City funding for rehab and new construction, then the \$5 million NOFA funding could allow the City to take credit for more units under RHNA.

Table 3 Developer Proposal Summary				
Developer	CHW	SAHA	Eden	
Project Name	Bayline Apartments	Sycamore Crossing	Victoria Green	
Housing Successor Compliance:				
Minimum 30% @ 30% AMI, Maximum 20% @ 60-80% AMI			New Units	New + Rehab
Number of 30% AMI Units	29	25	20	34
Housing Asset Fund Subsidy Per 30% AMI Unit	\$172,414	\$200,000	\$250,000	\$147,059
Can Allocate Full Request to 30% AMI (Per Unit Funding Less than Total Dev Cost)	Yes	Yes	Yes	Yes
Percent Senior Units	0%	0%	50%	17%
SB 341 Compliance by Age	Yes	Yes	Yes	
Alignment with Community Goals / Housing Element Needs:				
Housing Choice Vouchers (Program H1-3)	no	no	no	
Senior Housing Project (Program H2-3)	no	no	yes	
Alternative Housing Model (Program H2-5)	no	no	no	
Housing for Persons with Special Needs (Program H4-1)	yes	no	yes	
Policy 1.5 Encourage development of new special needs housing for seniors, single parents, families, large families, people with disabilities, including those with developmental disabilities, and extremely low-income households	yes	yes	yes	
Policy 1.6. Use density bonuses and other incentives to facilitate the development of new housing for extremely low, very low- and low-income households in conformity with State law	yes	yes	yes	
Policy H4.5 Encourage housing serving special needs such as elderly and disabled	yes	no	yes	