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## Funding gap financing approved for Sunflower Hill at Lafayette Lane project

By Lou Fancher

Planning and Building Director Greg Wolff at the July 10 Lafayette City Council meeting gave a reminder of previous approvals granted to Miramar Capital's Lafayette Lane project. The project located on Mt. Diablo Boulevard consists of 128 market-rate, for-sale housing units and 38 below-market-rate, for-rent housing units for adults with intellectual and developmental disabilities.

Sunflower Hill will develop and operate the 38-unit project with the assistance of Novin Development. Together, they have submitted a letter requesting the city contribute funds to close a projected \$1.5 million funding gap. The project is about to go out for funding bids, which Wolff predicted would be made more attractive with support from the city. To increase the project's scoring, city funding would increase the likelihood of funding from the California Department of Housing and Community Development and other sources. The total development costs are projected at \$39 million, and the total funding sources are \$37.5 million.

Wolff emphasized that the city's commitment to multiple family affordable housing is a longstanding effort, with many policies and programs included in the General Plan. Lafayette in 1994 established a redevelopment agency with 20% of the tax increment (growth in property taxes over the base year) dedicated to funding affordable housing. Since that time and with supporting grants and other funding sources, the city has supported projects such as the 76-unit Chateau Lafayette for low-income seniors; loans and in-kind contributions to Town Center's 60 market rate and 15 below market rate units for households with very low income; and a \$3 million housing fund lent support for the Eden Housing's Belle Terre Project that offers 46 below market rate units restricted to very low-income senior households. Wolff said the staff recommends the city contribute a long-term loan for up to \$1.5 million (from the successor agency housing fund) to support Sunflower Hill at Lafayette Lane. The loan would be structured and executed similarly to Eden's Belle Terre project so that the city's affordable housing fund coffers will gradually be refilled as the loan is repaid.

Iman Novin of Novin Development and Sunflower Hill Executive Director Jen Benson presented information about the organization and the project proposed for Lafayette. Benson said Sunflower Hill is celebrating its 10-year anniversary and continues its purpose to build housing and programs for adults with intellectual and developmental disabilities (I/DD). Their first development in Pleasanton opened two-and-a-half years ago and the community project they are looking to build in Lafayette will be similar.

The development will consist of 38 I/DD units, one of which will be for property management. The unit mix will consist of 28 one-bedroom and 10 two-bedroom units with rents restricted to 20-60% Area Median Income (AMI) and average costs are 39% of AMI. (AMI). "We're keeping it incredibly affordable" for folks with limited income, Benson said.

The partnership organizational chart includes managing and general partners. According to Benson, Sunflower Hill at Lafayette Lane will have different nonprofit residential and enrichment services onsite. Services to build life, fitness and social skills will be offered through classes, a multipurpose community room, a teaching kitchen, a fitness center and rooftop terrace with a garden.

Novin said their 17 multifamily projects strive for "building value that matters" and social and environmental sustainability. Development projects are meant to exist "in harmony" with the communities they serve, he emphasized. Reviewing the financing plan, he said total hard costs will be \$20.4 million and the location is ideal due to close access to city resources such as the library.

"One thing we can't control is how much additional local funding may have been committed to other projects," compared to the Sunflower Hill development plan. Those figures come into play and are crucial as the project moves forward.

The staff supporting the project includes a full-time property manager, full-time activities coordinator, part-time program director and part-time residential services coordinator. This team will be supported by the leadership staff of Sunflower Hill and the Housing Consortium of the East Bay.

Council Member Wei-Tai Kwok asked why they had not asked for funding two years ago, but were now asking for funding support. Novin said interest rates and construction costs have gone up and the competitive landscape means no one knew in the early days what would be funded and what tie-breaker they need to be successful. He said a benchmark has now been established and informs the project terms this year. To maintain control of the budget, Novin emphasized the company's infrastructure and in-house departments will bring high value to the engineering and contingencies built into their underwriting will help them to avoid surprises due to unexpected inflation. He said multiple-family affordable housing projects sometimes take "three to four bites at the apple" and support from the city will help the project to be successful.

Mayor Carl Anduri mentioned that if approved, the city would be using 75% of the city's affordable housing budget. Public comment on the item included one community member who said parents of children with disabilities have concern for how their children will be supported over a lifetime. Sunflower Hill, she suggested, will ensure adults with disabilities have strong community support and will serve as a model for other cities and towns. When asked about other projects tied to the Sunflower Hill project, Novin said there was a concerted effort to separate in the master development plan from any other projects such as underground parking.

Sunflower Hill at Lafayette Lane is estimated to be completed by early 2026. Council members collectively

said the project aligns well with the city's goals for affordable housing and addressing opportunities to support resources for people with disabilities. The council voted unanimously (with one absence) to adopt the staff recommendation to prepare a long-term loan agreement for up to \$1.5M from the successor agency housing fund to support Sunflower Hill at Lafayette Lane.

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