MCPFA Executive Director Report

August 13, 2026

Project Update

Affordable workforce rental housing remains a critical need in Marin County to support and retain employees who provide essential County and educational services. Since the project's inception, the MCPFA Board has maintained two guiding principles: (1) the project site must be fully remediated prior to construction, and (2) the project must proceed only with a balanced and financially sustainable budget.

The project continues to face several external factors that affect its schedule and financing, including construction cost escalation, interest rates, and the timeline for completion of required environmental mitigation. While these factors have resulted in additional project costs and schedule adjustments, staff continue to work closely with the development team, financing partners, and prospective guarantor agencies to evaluate options and determine whether a viable financing plan can be achieved.

During this period of project reevaluation, staff will minimize administrative expenses by reducing Executive Director services to approximately eight hours per week to reduce MCPFA expenses. Concurrently, Education Housing Partners (EHP) will be evaluating alternative affordable housing financing approaches, including Low-Income Housing Tax Credits, to ensure that affordable housing opportunities on the site remain viable should the current workforce housing financing model prove infeasible.

Environmental Mitigation Update

Environmental mitigation efforts with the State continue to move forward. Current discussions are focused on whether the Remedial Action Workplan (RAW) can be completed in time to meet Eden Housing's October financing schedule.

At this time, it remains uncertain whether the required mitigation activities will be completed by that date. Staff will continue coordinating with the regulatory agencies, and an updated schedule will be provided to the Board and the public as additional information becomes available.

Project Budget Shortfall Due to Delayed Construction Start

The project's financial pro forma has been updated to reflect current market conditions, spring vertical construction, and revised project assumptions.

The updated project cost estimate reflects approximately $10.6 million in additional construction costs associated with the delayed construction start and continued market escalation. In addition, the updated pro forma incorporates current interest rate assumptions, revised architecture and engineering costs, revised operating cost projections, and updated Area Median Income (AMI) data affecting projected rental revenues.

Based on these revisions, the current pro forma reflects an estimated $12.5 million budget shortfall that must be addressed before staff can recommend proceeding with project financing.

Staff are working collaboratively with EHP, the financing team, and prospective guarantor agencies to evaluate strategies for achieving a balanced financing plan. Options currently under review include:

- Value engineering opportunities to reduce project costs.

- Identification of additional grant and funding opportunities.

- Potential modifications to the financing structure.

While the current funding gap presents a significant challenge under today's construction and financing conditions, staff believe it is appropriate to complete this evaluation before determining the project's next steps.

It is important to note that the current budget shortfall relates to the financing structure proposed for the workforce housing project and does not diminish the long-term goal for affordable housing on the site. The environmental remediation, planning, and development work completed to date continue to support future housing opportunities, whether through the current workforce housing model or other affordable housing financing approaches.

Bond Financing and Credit Rating Update

The preliminary review process with Standard & Poor's (S&P) has been productive. Staff continue to work with S&P to obtain final rating feedback, which will assist in refining the project's financing strategy. Additional information will be provided to the Board once the rating review process is complete.

Conclusion

The Oak Hill Workforce Housing Project remains an important Countywide initiative intended to address the significant and growing need for affordable workforce housing in Marin County. Although the project is currently experiencing cost and schedule challenges common to many housing developments throughout California, staff continue to work with EHP, Eden Housing, financing partners, and participating public agencies to evaluate available options and determine whether a balanced and financially sustainable financing plan can be achieved.

The current challenges relate to the project's financing and delivery model rather than the underlying need for affordable housing on the site. Regardless of the outcome of the current financing evaluation, the work completed to date—including environmental remediation planning, project design, and entitlement efforts—continues to position the site for future affordable housing opportunities. Staff will return to the Board with additional recommendations as this evaluation progresses.

FY 2025-26 Yearend Financial Update:

Expense Category	Adopted Budget FY 2025-26	Actual FY2025-26
Executive Director	$110,000	$98,887.50
Treasurer Services/Annual Audit	50,000	35,000.00
Admin Support/Insurance	20,000	16,476.20
Legal	30,000	20,297.25
Total Operating Budget	$210,000	$170,660.95

FY 2025-26 Funding Sources:

County/MCOE Funds:	$113,688.00
Pending State Funds:	$20,199.50
Reimbursement from Bond Proceeds:	$36,773.45